

# Independent Auditor's Report

## To the Members of Mindtree Limited Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Mindtree Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Message from the Chairman, Message from the Chief Executive Officer & Managing Director, Message from the Chief Financial Officer, Management Discussion and Analysis, Business Responsibility Report, Director's Report, Corporate Governance, Risk Management Report and Global Presence but does not include the consolidated financial statements (including financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board), standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and any other information which is expected to form part of the annual report, which is expected to be made available to us after that date.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Standalone Financial Statements

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the company during the year is in compliance with section 123 of the act.

As stated in note 13.1 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 0080725)

Monisha Parikh  
Partner  
(Membership No. 47840)

Bengaluru, April 18, 2022

UDIN: 22047840AHGEHB3905

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mindtree Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 008072S)

Monisha Parikh  
Partner  
(Membership No. 47840)  
UDIN: 22047840AHGEHB3905

Bengaluru, April 18, 2022

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program certain property, plant and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favor of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in-progress are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of ten percent or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties which were outstanding at any point during the year, and hence reporting under clause (iii)(a), (b) (except to the extent it pertains to investments), (c), (d), (e) and (f) of the Order is not applicable.  
With respect to clause (iii) (b), the investments made by the Company are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
- (iv) In our opinion and according to the information and explanations given to us and based on the audit procedures performed, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made.  
According to information and explanation given to us, the Company has not granted any loans or provided guarantees or securities that are covered under the provisions of sections 185 of the Companies Act, 2013.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order with regard to cost records is not applicable.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. We have been informed that the provisions of the Employees' State Insurance Act, 1948 and Excise Duty are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in million) (Note 11)		
Income-tax Act, 1961	Income-tax	Honourable High Court	AY 2008-09 and AY 2009-10	18.69 (Note 1)		
			AY 2005-06	- (Note 2)		
		Income Tax Appellate Tribunal	AY 2007-08	27.92 (Note 3)		
			AY 2002-03 to 2004-05	90.31 (Note 4)		
		Commissioner of Income Tax (Appeals)	AY 2007-08 & AY 2008-09	3.14 (Note 5)		
			AY 2013-14 & 2014-15	- (Note 6)		
			AY 2017-18 & 2018-19	2.75		
		Assessing Officer	AY 2006-07	- (Note 7)		
			The Finance Act, 1994	Service tax	Customs, Excise and Service Tax Appellate Tribunal	July' 2003 to March 2010
		Commissioner (Appeals) - LTU			1/3/2008 to 16/5/2008	0.68 (Note 9)
The Karnataka Sales Tax Act, 1957	Value added tax	Assistant Commissioner of Commercial Taxes (Recovery)	Upto July 2004	0.29 (Note 10)		
Central Goods & Services Tax Act, 2017	Goods & services tax	Appellate Commissioner	FY: 2017-18 & FY: 2018-19	3.22		
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	Regional Provident Fund Commissioner	November' 2008 to June' 2016	249.90		

**Notes:**

- Net of ₹ 319.50 million adjusted against refunds.
- Net of ₹ 28.48 million adjusted against refunds.
- Net of ₹ 4.70 million adjusted against refunds.
- Net of ₹ 234.45 million paid under protest and adjusted against refunds.
- Net of ₹ 18.13 million adjusted against refunds.
- Net of ₹ 15.43 million adjusted against refunds.
- Net of ₹ 57.67 million adjusted against refunds.
- Net of ₹ 30.03 million adjusted against amount paid under protest.
- Net of ₹ 0.12 million adjusted against amount paid under protest.
- Net of ₹ 0.50 million adjusted against amount paid under protest.
- Includes interest and penalty, if any, to the extent included in demand order.

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company did not have any associate or joint venture during the year.
- (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.



## Standalone Financial Statements

- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report) and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports issued to the Company during the year and covering the period up to December 31, 2021 and the draft of the internal audit reports where issued after the balance sheet date covering the period January 1, 2022 to March 31, 2022 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- The Group does not have any Core investment Company (CIC) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There is no unspent CSR amount in respect of **other than ongoing projects** for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with the provision of sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause (xx)(a) of the Order is not applicable for the year.
- (b) In respect of **ongoing projects**, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 008072S)

Monisha Parikh  
Partner

(Membership No. 47840)

UDIN: 224047840AHGEHB3905

Bengaluru, April 18, 2022



# Balance sheet

₹ in million

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,223	3,039
Capital work-in-progress	4	215	224
Right-of-use assets	5	4,724	4,773
Goodwill	6	4,730	4,730
Other intangible assets	6	73	214
Financial assets	7		
Investments	7.1	3,132	1,177
Other financial assets	7.2	2,464	1,701
Deferred tax assets (net)	18	-	351
Other non-current assets	8	1,286	1,665
		<b>20,847</b>	<b>17,874</b>
<b>Current assets</b>			
Inventories	9	41	-
Financial assets			
Investments	10.1	22,391	19,307
Trade receivables	10.2	17,313	12,742
Cash and cash equivalents	10.3	10,494	7,575
Other financial assets	10.4	5,827	2,964
Other current assets	11	4,655	3,144
		<b>60,721</b>	<b>45,732</b>
<b>TOTAL ASSETS</b>		<b>81,568</b>	<b>63,606</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	1,648	1,647
Other equity	13	53,086	41,539
		<b>54,734</b>	<b>43,186</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	14		
Lease liabilities		4,661	4,492
Other financial liabilities	14.1	4	6
Deferred tax liabilities (net)	18	161	-
		<b>4,826</b>	<b>4,498</b>
<b>Current liabilities</b>			
Financial liabilities	15		
Lease liabilities		896	885
Trade payables	15.1 & 42		
Total outstanding dues of micro enterprises and small enterprises		95	43
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,262	2,630
Other financial liabilities	15.2	6,885	5,250
Other current liabilities	16	4,318	2,509
Provisions	17	2,442	2,227
Current tax liabilities (net)		2,110	2,378
		<b>22,008</b>	<b>15,922</b>
		<b>26,834</b>	<b>20,420</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>81,568</b>	<b>63,606</b>

See accompanying notes to the standalone financial statements

As per our report of even date attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants  
Firm's Registration No.: 0080725

**Monisha Parikh**  
Partner  
Membership No.: 47840

Place: Bengaluru  
Date: April 18, 2022

For and on behalf of the Board of Directors of Mindtree Limited

**Ramamurthi Shankar Raman**  
Non-Executive Director  
DIN: 00019798  
Place: Mumbai

**Vinit Ajit Teredesai**  
Chief Financial Officer  
Place: Mumbai

Date: April 18, 2022

**Debashis Chatterjee**  
CEO & Managing Director  
DIN: 00823966  
Place: Mumbai

**Subhodh Shetty**  
Company Secretary  
M.No.: A13722  
Place: Mumbai

## Statement of profit and loss

₹ in million, except per share data

Particulars	Note	For the year ended	
		March 31, 2022	March 31, 2021
Revenue from operations	19	105,253	79,678
Other income	20	3,071	1,517
<b>Total income</b>		<b>108,324</b>	<b>81,195</b>
<b>Expenses</b>			
Employee benefits expense	21	63,278	51,132
Sub-contractor charges		10,788	5,730
Finance costs	23	502	504
Depreciation and amortization expenses	24	2,420	2,596
Other expenses	25	9,230	6,251
<b>Total expenses</b>		<b>86,218</b>	<b>66,213</b>
<b>Profit before tax</b>		<b>22,106</b>	<b>14,982</b>
Tax expense:			
Current tax	18	5,546	4,214
Deferred tax	18	32	(335)
<b>Profit for the year</b>		<b>16,528</b>	<b>11,103</b>
<b>Other comprehensive income</b>	29		
A (i) Items that will not be reclassified to profit or loss		107	(117)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(24)	28
B (i) Items that will be reclassified to profit or loss		1,373	5,206
(ii) Income tax relating to items that will be reclassified to profit or loss		(480)	(1,819)
<b>Total other comprehensive income/(loss)</b>		<b>976</b>	<b>3,298</b>
<b>Total comprehensive income for the year</b>		<b>17,504</b>	<b>14,401</b>
Earnings per share:	27		
Equity shares of par value ₹ 10 each			
(1) Basic (₹)		100.30	67.43
(2) Diluted (₹)		100.24	67.39

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 0080725

For and on behalf of the Board of Directors of Mindtree Limited

**Monisha Parikh**

Partner

Membership No.: 47840

**Ramamurthi Shankar Raman**

Non-Executive Director

DIN: 00019798

Place: Mumbai

**Vinit Ajit Teredesai**

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Place: Mumbai

**Subhodh Shetty**

Company Secretary

M.No.: A13722

Place: Mumbai

Place: Bengaluru

Date: April 18, 2022

Date: April 18, 2022

# Statement of cash flows

₹ in million

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
<b>Cash flow from operating activities</b>		
Profit for the year	16,528	11,103
<i>Adjustments for :</i>		
Income tax expense	5,578	3,879
Depreciation and amortization expenses	2,420	2,596
Impairment loss recognized on non-current assets held for sale	-	2
Share based payments to employees	430	99
Allowance for expected credit losses (net)	85	136
Finance costs	502	504
Interest income on financial assets at amortized cost	(402)	(166)
Interest income on financial assets at fair value through profit or loss	(24)	-
Net gain on disposal of property, plant and equipment	(9)	(45)
Net gain on disposal of right-of-use assets	-	(33)
Net gain on financial assets designated at fair value through profit or loss	(832)	(909)
Unrealised exchange difference on lease liabilities	84	(59)
Unrealised exchange difference on fair value hedges	(50)	(213)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(363)	214
	23,947	17,108
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(4,524)	1,511
Inventories	4	-
Other assets	(3,671)	(360)
Bank balances other than cash and cash equivalents	-	1,961
Trade payables	2,520	119
Other liabilities	2,356	1,571
Provisions	205	1,211
<b>Net cash provided by operating activities before taxes</b>	<b>20,837</b>	<b>23,121</b>
Income taxes paid, net of refunds	(5,464)	(3,168)
<b>Net cash provided by operating activities</b>	<b>15,373</b>	<b>19,953</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(1,982)	(673)
Proceeds from sale of property, plant and equipment	10	59
Payment towards initial direct cost of right-of-use assets	-	(5)
Payment towards transfer of business (refer note 43)	(1,076)	-
Interest income on financial assets at amortized cost	249	168
Interest income on financial assets at fair value through profit or loss	24	-
Proceeds from sale of non-current assets held for sale	-	459
Purchase of investments	(37,428)	(35,976)
Proceeds from sale of investments	33,343	24,135
<b>Net cash (used in) investing activities</b>	<b>(6,860)</b>	<b>(11,833)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	1	1
Payment of lease liabilities	(928)	(837)
Finance costs (including interest towards lease liabilities - refer note 23)	(502)	(504)
Repayment of long-term borrowings	-	(5)
Dividends paid	(4,528)	(2,880)
<b>Net cash (used in) financing activities</b>	<b>(5,957)</b>	<b>(4,225)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	363	(214)
<b>Net increase in cash and cash equivalents</b>	<b>2,919</b>	<b>3,681</b>
Cash and cash equivalents at the beginning of the year	7,575	3,894
<b>Cash and cash equivalents at the end of the year (refer note 10.3)</b>	<b>10,494</b>	<b>7,575</b>

## Standalone Financial Statements

### Reconciliation of liabilities from financing activities for the year ended March 31, 2022

₹ in million

Particulars	As at April 1, 2021	Proceeds/ impact of Ind AS 116	Repayment	Fair value changes	As at March 31, 2022
Lease liabilities	5,377	1,024	(928)	84	5,557
<b>Total liabilities from financing activities</b>	<b>5,377</b>	<b>1,024</b>	<b>(928)</b>	<b>84</b>	<b>5,557</b>

### Reconciliation of liabilities from financing activities for the year ended March 31, 2021

₹ in million

Particulars	As at April 1, 2020	Proceeds/ impact of Ind AS 116	Repayment	Fair value changes	As at March 31, 2021
Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	610	(837)	(59)	5,377
<b>Total liabilities from financing activities</b>	<b>5,668</b>	<b>610</b>	<b>(842)</b>	<b>(59)</b>	<b>5,377</b>

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 0080725

For and on behalf of the Board of Directors of Mindtree Limited

**Monisha Parikh**  
Partner  
Membership No.: 47840

**Ramamurthi Shankar Raman**  
Non-Executive Director  
DIN: 00019798  
Place: Mumbai

**Vinit Ajit Teredesai**  
Chief Financial Officer  
Place: Mumbai

**Debashis Chatterjee**  
CEO & Managing Director  
DIN: 00823966  
Place: Mumbai

**Subhodh Shetty**  
Company Secretary  
M.No.: A13722  
Place: Mumbai

Place: Bengaluru  
Date : April 18, 2022

Date : April 18, 2022

## Statement of changes in equity

₹ in million

(a) Equity share capital	Amount
<b>Balance as at April 1, 2020</b>	<b>1,646</b>
Add: Shares issued on exercise of stock options and restricted shares	1
<b>Balance as at March 31, 2021</b>	<b>1,647</b>
<b>Balance as at April 1, 2021</b>	<b>1,647</b>
Add: Shares issued on exercise of stock options and restricted shares	1
<b>Balance as at March 31, 2022</b>	<b>1,648</b>

# Statement of changes in equity (Contd.)

## (b) Other equity

₹ in million

Particulars	Reserves and Surplus (refer note 1.3)					Items of Other Comprehensive Income (refer note 13)			Total other equity		
	Capital reserve	General reserve	Special Economic Zone reinvestment reserve	Capital redemption reserve	Securities premium	Share option outstanding account	Retained earnings	Foreign Currency Translation Reserve (FCTR)		Effective portion of Cash Flow Hedges	Other items of other Comprehensive Income
<b>Balance as at April 1, 2020</b>	87	226	1,218	42	299	101	30,600	(416)	(2,035)	(202)	29,920
Profit for the year	-	-	-	-	-	-	11,103	-	-	-	11,103
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	3,387	(89)	3,298
Created during the year	-	-	848	-	-	-	(848)	-	-	-	-
Utilised during the year	-	-	(584)	-	-	-	584	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	100	(100)	-	-	-	-	-
Compensation cost related to employee share based payment	-	-	-	-	-	99	-	-	-	-	99
Transfer on account of share options not exercised	-	-	-	-	-	(2)	2	-	-	-	-
Cash dividends (refer note 13.1)	-	-	-	-	-	-	(2,881)	-	-	-	(2,881)
<b>Balance as at March 31, 2021</b>	87	226	1,482	42	399	98	38,560	(416)	1,352	(291)	41,539
<b>Balance as at April 1, 2021</b>	87	226	1,482	42	399	98	38,560	(416)	1,352	(291)	41,539
Profit for the year	-	-	-	-	-	-	16,528	-	-	-	16,528
Other comprehensive income (net of taxes) (refer note 29)	-	-	-	-	-	-	-	-	893	83	976
Created during the year	-	-	2,717	-	-	-	(2,717)	-	-	-	-
Utilised during the year	-	-	(1,927)	-	-	-	1,927	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	108	(108)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 21)	-	-	-	-	-	430	-	-	-	-	430
Cash dividends (refer note 13.1)	-	-	-	-	-	-	(4,531)	-	-	-	(4,531)
Impact on account of business combination (refer note 4.3)	(87)	-	-	-	-	-	(1,769)	-	-	-	(1,856)
<b>Balance as at March 31, 2022</b>	-	226	2,272	42	507	420	47,998	(416)	2,245	(208)	53,086

See accompanying notes to the standalone financial statements

As per our report of even date attached  
For Deloitte Haskins & Sells  
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Place: Mumbai

Subhodh Shetty  
Company Secretary  
M.No.: A13722  
Place: Mumbai

Date: April 18, 2022

For and on behalf of the Board of Directors of Mindtree Limited

# Significant accounting policies and notes to the standalone financial statements

## For the year ended March 31, 2022

(₹ in million, except share and per share data, unless otherwise stated)

### 1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') is an international Information Technology consulting and implementation company that delivers business solutions through global software development. The Company is structured into five industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT), Travel, Transportation and Hospitality (TTH) (erstwhile Travel and Hospitality - TH) and Healthcare (HCARE) (refer note 38). The Company offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering, SAP services and solutions around Internet of Things (IoT) & Artificial Intelligence (AI)/ Machine Learning (ML).

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in India, United States of America (USA), United Kingdom (UK), Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, United Arab Emirates (UAE), the Netherlands, Canada, Belgium, France, Ireland, Poland, Mexico, Republic of China, Norway, Finland, Denmark, Spain and New Zealand. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The Company became a subsidiary of Larsen & Toubro Limited (L&T) with effect from July 2, 2019. The standalone financial statements were authorized for issuance by the Company's Board of Directors on April 18, 2022.

### 2. Significant accounting policies

#### 2.1 Basis of preparation and presentation

##### (a) Statement of compliance

These standalone financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company has consistently applied accounting policies to all years. On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are applicable for financial year commencing from April 1, 2021. The Company has evaluated the effect of the amendments on its financial statements and complied with the same.

##### (b) Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i. Derivative financial instruments;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);
- iii. Share based payment transactions and
- iv. Defined benefit and other long-term employee benefits.

##### (c) Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

**(i) Revenue recognition:**

- (a) The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. As the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the year in which the loss becomes probable.
- (b) Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately or together requires significant judgment based on nature of the contract, transfer of control over the product or service, ability of the product or service to benefit the customer on its own or together with other readily available resources and the ability of the product or service to be separately identifiable from other promises in the contract.

**(ii) Income taxes:**

The Company's two major tax jurisdictions are India and USA, though the Company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer note 18.

**(iii) Leases:**

The Company considers all the extension-options under the commercial contract for determining the lease-term which forms the basis for the measurement of right-of-use asset and the corresponding lease-liability.

**(iv) Other estimates:**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting year. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**(v) Estimation uncertainty relating to COVID-19 outbreak:**

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of inventories, trade receivables, unbilled receivables, goodwill, intangible assets, investments and derivatives. The eventual outcome of impact of the global health pandemic may be different from that estimated as on the date of approval of these financial statements.

**(vi) Estimates and judgments relating to climate change risk:**

In preparing these consolidated financial statements, the Company has considered the impact of climate change risks on the valuation of assets and liabilities and there is no material impact on the financial statements as on the reporting date.

**2.2 Summary of significant accounting policies****(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

**(ii) Foreign currency transactions and balances**

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses). Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.



### (iii) Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

### (iv) Financial instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortized cost, debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI), equity instruments at FVTOCI or Fair Value Through Profit and Loss account (FVTPL), non derivative financial liabilities at amortized cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

#### (a) Non-derivative financial assets

##### (i) Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, investment in term deposits, investment in debt securities, investment in commercial papers, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdrafts and are considered part of the Company's cash management system.

##### (ii) Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the asset's contractual cash flow represent SPPI

Debt instruments included within FVTOCI category are measured initially as well as at each reporting year at fair value plus transaction costs. Fair value movements are recognised in Other Comprehensive Income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the effective interest rate (EIR) method.

##### (iii) Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to statement of profit and loss, even on sale of the instrument. However, the Company may transfer the cumulative gain or loss within the equity.

(iv) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition the Company may elect to designate the financial asset, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

**(b) Non-derivative financial liabilities**

(i) Financial liabilities at amortized cost

Financial liabilities at amortized cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

(ii) Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

**(c) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts and option contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss.

(i) Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

(ii) Others: Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses).

**Derecognition of financial instruments:**

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. If the Company retains substantially all the risks and rewards of a transferred financial asset, the Company continues to recognise the financial asset and recognises a borrowing for the proceeds received.

A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**(v) Property, plant and equipment**

**(a) Recognition and measurement:** Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

- (b) **Depreciation:** The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative years for significant items of property, plant and equipment are as follows:

<b>Category</b>	<b>Useful life</b>
Buildings	5 - 30 years
Leasehold improvements	5 years
Plant and machinery	1 - 4 years
Office equipment	4 years
Computers	2 - 4 years
Electrical installations	3 years
Furniture and fixtures	5 years
Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress (CWIP) respectively.

(vi) **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets for the current and comparative years are as follows:

<b>Category</b>	<b>Useful life</b>
Intellectual property	5 years
Computer software	2 years
Business alliance relationships	4 years
Customer relationships	3 - 5 years
Vendor relationships	6 years
Tradename	5.25 - 5.75 years
Technology	5.75 - 6 years
Non-compete agreement	5 years

(vii) **Business combination, Goodwill and Intangible assets**

(a) **Business combination**

Acquisitions which satisfy the optional concentration test as per Ind AS 103 are considered as asset acquisitions and no goodwill is recognised. Purchase consideration is allocated to the identifiable assets based on their relative fair values. All other acquisitions are treated as business combinations.

Business combinations other than through common control transactions are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities, except to harmonise accounting policies. The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of the transferee. The difference between consideration paid and the net assets acquired, if any, is recorded under capital reserve / retained earnings, as applicable.

Transaction costs incurred in connection with a business combination are expensed as incurred. The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the statement of profit and loss.

**(b) Goodwill**

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain.

**(c) Intangible assets**

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**(viii) Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, obtain substantially all the economic benefit from use of the identified asset and direct the use of the identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The Company applies Ind AS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described under impairment of non-financial assets in (x)(c) below.

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

**(ix) Inventories**

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost is determined using the weighted average method. Cost comprises of all costs of purchase and other costs incurred in bringing the inventory to its present location and condition.

### (x) Impairment

#### (a) Financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default by customers including revisions in the credit period provided to the customers. In making this assessment, the Company has considered current and anticipated future economic conditions relating to industries/business verticals that the company deals with and the countries where it operates. In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

ECL impairment loss allowance (or reversal) is recognised as an income/expense in the statement of profit and loss during the year. This amount is reflected under other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

#### (b) Impairment of investment in subsidiaries:

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

#### (c) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the statement of profit and loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through statement of profit and loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in statement of profit and loss and is not reversed in the subsequent period.

**(xi) Employee benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the year when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company has the following employee benefit plans:

**(a) Social security plans**

Employer contributions payable to social security plans, which are defined contribution schemes, are charged to the statement of profit and loss in the period in which the employee renders services.

**(b) Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance Company and SBI Life Insurance Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising of actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to statement of profit and loss in subsequent periods.

**(c) Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional

amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

### (xii) Share based payments

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

The fair value of the amount payable to the employees in respect of phantom stocks, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the phantom stock options plan. Any changes in the liability are recognized in statement of profit and loss.

### (xiii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

### (xiv) Revenue

The Company derives revenue primarily from software development and related services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognise revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenue when a performance obligation is satisfied. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.



The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered:

**(a) Time and materials contracts**

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

**(b) Fixed-price contracts**

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method is used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the year in which such losses become probable based on the current contract estimates.

**(c) Maintenance contracts**

Revenue from maintenance contracts is recognized ratably over the period of the contract. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

In arrangements for software development and related services and maintenance services, the Company applies the guidance in Ind AS 115, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Company measures the revenue in respect of distinct performance obligation at its standalone selling price, in accordance with principles given in Ind AS 115.

The Company accounts for variable considerations like, volume discounts, rebates, pricing incentives to customers and penalties as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

Revenues are shown net of sales tax, value added tax, service tax, goods and services tax and applicable discounts and allowances.

The Company accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Company expects to recover these costs and amortized over the contract term.

The Company recognises contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contract and are recognised in net profit in the year when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting year.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

### (xv) Warranty provisions

The Company provides warranty provisions on its products / services, as applicable. A provision is recognised at the time the product / service is sold. The Company does not provide extended warranties or maintenance contracts to its customers.

### (xvi) Finance income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest rate method.

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans, borrowings and lease liabilities. Borrowing costs are recognized in the statement of profit and loss using the effective interest rate method.

### (xvii) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

#### (a) Current income tax

Current income tax liability/ (asset) for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the year. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the year. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

#### (b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences that is expected to reverse within the tax holiday period.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is a right and an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### (xviii) Earnings per share (EPS)

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year, adjusted for treasury shares held and bonus elements in equity shares issued during the year.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

**(xix) Research and development (R&D) costs**

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

**(xx) Government grants**

Grants from the Government are recognised when there is reasonable assurance that:

- (i) the Company will comply with the conditions attached to them; and
- (ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. A repayment of government grant is accounted for as a change in accounting estimate. Repayment of grant is recognised by reducing the deferred income balance, if any and the rest of the amount is charged to statement of profit and loss.

**(xxi) Dividend and withholding tax**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable withholding tax.

**(xxii) Statement of cashflows**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cashflows are segregated into and presented as cashflows from operating, investing and financing activities.

**(xxiii) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**a) Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**b) Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**c) Ind AS 37 – Onerous Contracts - Costs of fulfilling a contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**d) Ind AS 109 – Annual improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### Non-current assets

#### 3. Property, plant and equipment

Particulars	Land	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>										
<b>At April 1, 2020</b>	<b>33</b>	<b>3,252</b>	<b>1,958</b>	<b>219</b>	<b>1,182</b>	<b>4,013</b>	<b>835</b>	<b>580</b>	<b>9</b>	<b>12,081</b>
Additions	-	22	16	-	18	511	7	1	-	575
Reclassification (refer note 40)	-	(434)	434	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(28)	-	(97)	(120)	(23)	(2)	-	(270)
<b>At March 31, 2021</b>	<b>33</b>	<b>2,840</b>	<b>2,380</b>	<b>219</b>	<b>1,103</b>	<b>4,404</b>	<b>819</b>	<b>579</b>	<b>9</b>	<b>12,386</b>
<b>At April 1, 2021</b>	<b>33</b>	<b>2,840</b>	<b>2,380</b>	<b>219</b>	<b>1,103</b>	<b>4,404</b>	<b>819</b>	<b>579</b>	<b>9</b>	<b>12,386</b>
Effect of common control business combination (refer note 43)	-	-	-	39	4	21	3	5	-	72
Additions	-	188	159	2	38	1,812	12	-	-	2,211
Disposals / adjustments	-	(1)	(1)	-	(3)	(245)	(27)	(2)	-	(279)
<b>At March 31, 2022</b>	<b>33</b>	<b>3,027</b>	<b>2,538</b>	<b>260</b>	<b>1,142</b>	<b>5,992</b>	<b>807</b>	<b>582</b>	<b>9</b>	<b>14,390</b>
<b>Accumulated depreciation</b>										
<b>At April 1, 2020</b>	-	<b>1,655</b>	<b>1,410</b>	<b>218</b>	<b>958</b>	<b>3,273</b>	<b>756</b>	<b>407</b>	<b>4</b>	<b>8,681</b>
Depreciation expense	-	162	183	1	91	379	49	55	2	922
Reclassification (refer note 40)	-	(396)	396	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(25)	-	(88)	(119)	(23)	(1)	-	(256)
<b>At March 31, 2021</b>	-	<b>1,421</b>	<b>1,964</b>	<b>219</b>	<b>961</b>	<b>3,533</b>	<b>782</b>	<b>461</b>	<b>6</b>	<b>9,347</b>
<b>At April 1, 2021</b>	-	<b>1,421</b>	<b>1,964</b>	<b>219</b>	<b>961</b>	<b>3,533</b>	<b>782</b>	<b>461</b>	<b>6</b>	<b>9,347</b>
Effect of common control business combination (refer note 43)	-	-	-	5	1	5	-	1	-	12
Depreciation expense	-	138	171	10	84	604	34	43	2	1,086
Disposals / adjustments	-	(1)	(1)	-	(3)	(244)	(27)	(2)	-	(278)
<b>At March 31, 2022</b>	-	<b>1,558</b>	<b>2,134</b>	<b>234</b>	<b>1,043</b>	<b>3,898</b>	<b>789</b>	<b>503</b>	<b>8</b>	<b>10,167</b>
<b>Net carrying value as at March 31, 2022</b>	<b>33</b>	<b>1,469</b>	<b>404</b>	<b>26</b>	<b>99</b>	<b>2,094</b>	<b>18</b>	<b>79</b>	<b>1</b>	<b>4,223</b>
<b>Net carrying value as at March 31, 2021</b>	<b>33</b>	<b>1,419</b>	<b>416</b>	<b>-</b>	<b>142</b>	<b>871</b>	<b>37</b>	<b>118</b>	<b>3</b>	<b>3,039</b>

## 4. Capital work-in-progress ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Projects in progress</b>					
As at March 31, 2022	215	-	-	-	215
As at March 31, 2021	191	29	4	-	224

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

## 5. Right-of-use assets

Particulars	Land	Buildings	Total
<b>Gross carrying value</b>			
At April 1, 2020	53	6,077	6,130
Additions	-	932	932
Disposals / adjustments	-	(355)	(355)
At March 31, 2021	53	6,654	6,707
At April 1, 2021	53	6,654	6,707
Additions	-	1,073	1,073
Disposals / adjustments	-	(753)	(753)
At March 31, 2022	53	6,974	7,027
<b>Accumulated depreciation</b>			
At April 1, 2020	8	921	929
Depreciation expense	1	1,080	1,081
Disposals / adjustments	-	(76)	(76)
At March 31, 2021	9	1,925	1,934
At April 1, 2021	9	1,925	1,934
Depreciation expense	1	1,121	1,122
Disposals / adjustments	-	(753)	(753)
At March 31, 2022	10	2,293	2,303
<b>Net carrying value as at March 31, 2022</b>	<b>43</b>	<b>4,681</b>	<b>4,724</b>
<b>Net carrying value as at March 31, 2021</b>	<b>44</b>	<b>4,729</b>	<b>4,773</b>

**6. Goodwill and other intangible assets**  
**a) Goodwill and other intangible assets**

Particulars	Goodwill	Other intangible assets								Total other intangible assets	
		Intellectual property	Business alliance relationships	Customer relationships	Non compete agreement	Vendor relationships	Tradename	Technology	Computer software		
<b>Gross carrying value</b>											
<b>At April 1, 2020</b>	4,730	67	72	1,329	56	745	306	262	1,194	4,031	
Additions	-	-	-	-	-	-	-	-	48	48	
<b>At March 31, 2021</b>	4,730	67	72	1,329	56	745	306	262	1,242	4,079	
<b>At April 1, 2021</b>	4,730	67	72	1,329	56	745	306	262	1,242	4,079	
Effect of common control business combination (refer note 4.3)	-	-	-	-	-	-	-	64	-	64	
Additions	-	-	-	-	-	-	-	-	7	7	
Disposals / adjustments	-	-	-	-	-	-	-	-	(9)	(9)	
<b>At March 31, 2022</b>	4,730	67	72	1,329	56	745	306	326	1,240	4,141	
<b>Accumulated amortization</b>											
<b>At April 1, 2020</b>	-	67	72	1,231	52	427	140	124	1,159	3,272	
Amortization expense	-	-	-	98	4	150	166	138	37	593	
<b>At March 31, 2021</b>	-	67	72	1,329	56	577	306	262	1,196	3,865	
<b>At April 1, 2021</b>	-	67	72	1,329	56	577	306	262	1,196	3,865	
Amortization expense	-	-	-	-	-	168	-	8	36	212	
Disposals / adjustments	-	-	-	-	-	-	-	-	(9)	(9)	
<b>At March 31, 2022</b>	-	67	72	1,329	56	745	306	270	1,223	4,068	
<b>Net carrying value as at March 31, 2022</b>	4,730	-	-	-	-	-	-	56	17	73	
<b>Net carrying value as at March 31, 2021</b>	4,730	-	-	-	-	168	-	-	46	214	
Estimated useful life (in years)	NA	5	4	3-5	5	6	5.25-5.75	5.75-6	2		
Estimated remaining useful life (in years)	NA	-	-	-	-	-	-	5.25	0.06-1.82		
The aggregate amount of research and development expense recognized in the statement of profit and loss for the year ended March 31, 2022 is ₹ 245. (For the year ended March 31, 2021: ₹ 338).											



**b) Impairment**

Following is a summary of changes in the carrying amount of goodwill:

Particulars	As at	
	March 31, 2022	March 31, 2021
Carrying value at the beginning of the year	4,730	4,730
<b>Carrying value at the end of the year</b>	<b>4,730</b>	<b>4,730</b>

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Units (CGU) or groups of CGUs, which benefit from the synergies of the acquisition. The Chief Operating Decision Maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years, based on financial budgets approved by management and an average of the range of each assumption mentioned below.

The Company does its impairment evaluation on an annual basis and based on such evaluation as at March 31, 2022, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Company has performed sensitivity analysis for all key assumptions, including the cash flow projections consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount. The key assumptions used for the calculations were as follows:

Particulars	As at	
	March 31, 2022	March 31, 2021
Discount rate	14.1% - 18.9%	14.2% - 18.5%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

The goodwill on acquisition of subsidiaries, which have since merged with the Company, has been allocated as follows:

Particulars	As at	
	March 31, 2022	March 31, 2021
RCM	2,440	2,440
BFSI	1,179	1,179
CMT	1,037	1,037
TTH	74	74
HCARE	-	-
<b>Total</b>	<b>4,730</b>	<b>4,730</b>

**7. Financial assets**

**7.1 Investments**

Particulars	As at		As at	
	March 31, 2022		March 31, 2021	
	No of units	Amount	No of units	Amount
<b>i) Investments in equity instruments (unquoted)</b>				
<b>Wholly owned subsidiaries</b>				
Mindtree Software (Shanghai) Co., Ltd ('MSSCL')	-	14	-	14
Fully paid equity share of MYR 100,000 each in Bluefin Solutions Sdn. Bhd. ('Bluefin Malaysia')	1	2	1	2
<b>Others</b>				
Equity shares in Careercommunity.com Limited	-	-	2,400	-
Equity shares of ₹ 1 each in NuvePro Technologies Private Limited	950,000	1	950,000	1
Equity shares in Worldcast Technologies Private Limited	-	-	12,640	-
<b>Total</b>		<b>17</b>		<b>17</b>

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of units	Amount	No of units	Amount
<b>ii) Investments in preference shares (unquoted)</b>				
Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$ 0.2557 each in 30 Second Software Inc.	643,790	7	643,790	7
<b>Total</b>		<b>7</b>		<b>7</b>
<b>iii) Investments in non-convertible bonds/ debentures (quoted)</b>				
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in LIC Housing Finance Limited	200	215	100	112
Unsecured redeemable non-convertible debentures of ₹ 1,000,000 each in Tata Capital Limited	200	211	100	106
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Bajaj Finance Limited	100	101	100	102
Unsecured redeemable non-convertible non-cumulative taxable bonds of ₹ 1,000,000 each in PFC Limited	350	394	200	224
Unsecured redeemable non-convertible debentures of ₹ 1,000,000 each in Rural Electrification Coperation Limited	250	286	200	234
Zero coupon bonds of ₹ 1,000,000 each in HDB Financial Services Limited	100	106	-	-
Unsecured redeemable non-convertible debentures of ₹ 1,000,000 each in Rural Electrification Corporation Limited	100	105	-	-
Secured redeemable non-convertible debentures of ₹ 10,000,000 each in HDFC Limited	5	56	-	-
<b>Total</b>		<b>1,474</b>		<b>778</b>
<b>iv) Investments in term deposit (unquoted)</b>				
Interest bearing deposits with:				
-PNB Housing Finance Limited		262		-
-Bajaj Finance Limited		555		-
-HDFC Limited		403		-
-LIC Housing Finance Limited		100		-
<b>Total</b>		<b>1,320</b>		<b>-</b>
<b>v) Investments in mutual funds (quoted)</b>				
IDFC Mutual Fund	-	-	5,000,000	61
<b>Total</b>		<b>-</b>		<b>61</b>
<b>vi) Investments in perpetual bonds (quoted)</b>				
Perpetual bonds of ₹ 1,000,000 each in HDFC Bank	100	108	100	110
Perpetual bonds of ₹ 1,000,000 each in State Bank of India	200	206	200	204
<b>Total</b>		<b>314</b>		<b>314</b>
<b>Grand Total</b>		<b>3,132</b>		<b>1,177</b>
<b>Aggregate amount of quoted investments</b>		<b>1,788</b>		<b>1,153</b>
<b>Aggregate market value of quoted investments</b>		<b>1,788</b>		<b>1,153</b>
<b>Aggregate amount of unquoted investments</b>		<b>1,344</b>		<b>24</b>
<b>Aggregate amount of impairment in value of investments</b>		<b>-</b>		<b>1</b>

## 7.2 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	677	476
Derivative financial instruments	1,787	1,225
<b>Total</b>	<b>2,464</b>	<b>1,701</b>

## 8. Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	12	39
Advance income-tax including tax deducted at source (net of provision for taxes)	1,219	1,593
Prepaid expenses	39	14
Service tax receivable	11	11
Others	5	8
<b>Total</b>	<b>1,286</b>	<b>1,665</b>

## Current assets

### 9. Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Project-related inventories	41	-
<b>Total</b>	<b>41</b>	<b>-</b>

### 10. Financial assets

#### 10.1 Investments

Particulars	As at March 31, 2022		As at March 31, 2021	
<b>i) Investments in Mutual Funds (quoted)</b>				
<b>Name of the fund</b>	<b>No of units</b>	<b>Amount</b>	<b>No of units</b>	<b>Amount</b>
Aditya Birla Sun Life Mutual Fund	14,717,977	1,513	15,636,634	1,678
Axis Mutual Fund	12,627,473	1,409	11,789,741	1,611
DSP Mutual Fund	65,716,598	1,063	61,193,885	1,116
Edelweiss Mutual Fund	19,375,942	202	-	-
Franklin Templeton Mutual Fund	-	-	15,000,000	189
HDFC Mutual Fund	25,945,544	1,284	22,171,210	1,348
ICICI Prudential Mutual Fund	34,539,575	1,192	33,052,370	1,385
IDFC Mutual Fund	88,235,655	1,758	98,562,761	1,974
Invesco Mutual Fund	205,249	620	7,285,776	737
Kotak Mutual Fund	15,603,841	1,254	17,716,023	1,565
L&T Mutual Fund	19,222,344	518	9,528,702	206
Nippon India Mutual Fund	50,551,182	1,228	48,737,402	1,364
SBI Mutual Fund	66,584,762	1,722	51,468,137	1,659
Tata Mutual Fund	9,118,935	861	29,350,910	1,052
UTI Mutual Fund	31,204,802	954	21,034,383	1,091
<b>Total</b>		<b>15,578</b>		<b>16,975</b>
<b>ii) Investment in non-convertible bonds/ debentures (quoted)</b>				
Secured redeemable non-convertible debentures of ₹ 1,000 each in Tata Capital Financial Services Limited	-	-	50,000	52
Secured redeemable market-linked non-convertible debentures of ₹ 1,000,000 each in Tata Capital Financial Services Limited	-	-	100	119
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Tata Capital Financial Services Limited	130	168	-	-
Secured redeemable non-convertible debentures of ₹ 1,000 each in M&M Financial Services Limited	100,000	109	-	-
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in M&M Financial Services Limited	50	54	-	-
Secured redeemable zero coupon non-convertible debentures of ₹ 1,000,000 each in Bajaj Finance Limited	150	206	-	-

Particulars	As at March 31, 2022		As at March 31, 2021	
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in HDFC Limited	150	157	-	-
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in LIC Housing Finance Limited	500	530	-	-
Secured redeemable non-convertible debentures of ₹ 800,000 each in Piramal Capital and Housing Finance Limited	36	29	-	-
Secured redeemable market-linked non-convertible debentures of ₹ 1,000,000 each in Aditya Birla Finance Limited	56	71	-	-
<b>Total</b>		<b>1,324</b>		<b>171</b>
<b>iii) Investments in term deposit (unquoted)</b>				
Interest bearing deposits with:				
-Bajaj Finance Limited		508		818
-Housing Development Finance Corporation Limited		173		141
-Kotak Mahindra Investments Ltd		1,011		-
-LIC Housing Finance Limited		2,162		862
-PNB Housing Finance Limited		257		-
<b>Total</b>		<b>4,111</b>		<b>1,821</b>
<b>iv) Investments in commercial paper (unquoted)</b>				
-Barclays Investments and Loans (India) Private Limited		888		96
-Kotak Mahindra Investments Limited		490		244
<b>Total</b>		<b>1,378</b>		<b>340</b>
<b>Grand Total</b>		<b>22,391</b>		<b>19,307</b>
<b>Aggregate carrying amount of quoted investments</b>		<b>16,902</b>		<b>17,146</b>
<b>Aggregate market value of quoted investments</b>		<b>16,902</b>		<b>17,146</b>
<b>Aggregate amount of unquoted investments</b>		<b>5,489</b>		<b>2,161</b>

## 10.2 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured	17,723	13,190
Less: Allowance for expected credit losses	(410)	(448)
<b>Total</b>	<b>17,313</b>	<b>12,742</b>

## Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As at March 31, 2022</b>							
Undisputed – considered good	14,146	3,286	92	50	28	29	<b>17,631</b>
Disputed – considered good	-	-	-	67	25	-	<b>92</b>
	<b>14,146</b>	<b>3,286</b>	<b>92</b>	<b>117</b>	<b>53</b>	<b>29</b>	<b>17,723</b>
<b>As at March 31, 2021</b>							
Undisputed – considered good	10,993	1,819	123	89	47	23	<b>13,094</b>
Disputed – considered good	-	40	24	32	-	-	<b>96</b>
	<b>10,993</b>	<b>1,859</b>	<b>147</b>	<b>121</b>	<b>47</b>	<b>23</b>	<b>13,190</b>

## Standalone Financial Statements

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date:

Particulars	Ageing			
	1-90 days	91-180 days	181-360 days	More than 360 days*
Default rate as at March 31, 2022	0.5%	3.2%	18.2%	70.5%
Default rate as at March 31, 2021	0.2%	4.3%	21.8%	56.0%

\*In case of probability of non-collection, default rate is 100%.

### Movement in the expected credit loss allowance

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	448	386
Allowance for expected credit loss (net)	85	136
Bad debts written off during the year	(123)	(74)
<b>Balance at the end of the year</b>	<b>410</b>	<b>448</b>

### 10.3 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts and deposit accounts*	10,466	7,550
Other bank balances**	28	25
<b>Cash and cash equivalents as per balance sheet</b>	<b>10,494</b>	<b>7,575</b>
Book overdrafts used for cash management purposes (refer note 15.2)	-	-
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>10,494</b>	<b>7,575</b>

\* The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

\*\* Other bank balances represent earmarked balances in respect of unpaid dividends and dividend payable.

### 10.4 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	16	41
Advances to employees	363	216
Less: Provision for doubtful advances to employees	(23)	(20)
	340	196
Unbilled revenue*	3,768	1,859
Derivative financial instruments	1,703	868
<b>Total</b>	<b>5,827</b>	<b>2,964</b>

\*Classified as financial asset as right to consideration is unconditional upon passage of time.

### 11. Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to suppliers	94	42
Prepaid expenses	1,469	1,070
Unbilled revenue*	2,363	1,694
Others**	729	338
<b>Total</b>	<b>4,655</b>	<b>3,144</b>

\*Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones (in respect of fixed price contracts).

\*\* Includes balances with government authorities.

## 12. Equity share capital

a) Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised</b>		
800,000,000 (March 31, 2021: 800,000,000) equity shares of ₹ 10 each	8,000	8,000
<b>Issued, subscribed and paid-up capital</b>		
164,833,772 (March 31, 2021: 164,719,766) equity shares of ₹ 10 each fully paid	1,648	1,647
<b>Total</b>	<b>1,648</b>	<b>1,647</b>

- b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year are as given below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	₹	Number of shares	₹
Number of shares outstanding at the beginning of the year	164,719,766	1,647	164,574,066	1,646
Add: Shares issued on exercise of stock options and restricted shares	114,006	1	145,700	1
<b>Number of shares outstanding at the end of the year</b>	<b>164,833,772</b>	<b>1,648</b>	<b>164,719,766</b>	<b>1,647</b>

- c) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 each.

### Terms/rights attached to equity shares

Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

The Company declares and pays dividends in Indian rupees and foreign currency. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of amounts payable to preference shareholders. However, no such preference shares exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

- d) Equity shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the year are as given below:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	%	Number of shares	%
Larsen & Toubro Limited*	100,527,734	60.99%	100,527,734	61.03%

- e) In the period of five years immediately preceding March 31, 2022:

- i) Pursuant to the approval of the Board and the Administrative Committee at its meetings held on June 28, 2017 and July 20, 2017 respectively, the Company bought back 4,224,000 equity shares of ₹ 10 each on a proportionate basis, at a price of ₹ 625 per equity share for an aggregate consideration of ₹ 2,640 (Rupees Two thousand six hundred and forty million only), and completed the extinguishment of the equity shares bought back. Capital redemption reserve has been created to the extent of nominal value of share capital extinguished amounting to ₹ 42. The buyback and creation of capital redemption reserve was effected by utilizing the securities premium and free reserves.

- ii) The Company has not allotted any equity shares as fully paid up without payment being received in cash.

- f) **Shareholding of promoters:**

Promoter name	Shares held at March 31, 2022		Percentage change during the year ended March 31, 2022
	No. of shares	% of total shares	
Larsen & Toubro Limited	100,527,734	60.99%	(0.07%)

**g) Employee stock based compensation**

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Company administers below mentioned restricted stock purchase plan and stock options plan.

**Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012')**

ERSP 2012 was instituted with effect from July 16, 2012 to issue equity shares of nominal value of ₹ 10 each. Shares under this program are granted to employees at an exercise price of not less than ₹ 10 per equity share or such higher price as determined by the Nomination and Remuneration Committee. Shares shall vest over such term as determined by the Nomination and Remuneration Committee not exceeding ten years from the date of the grant. All shares will have a minimum lock in period of one year from the date of allotment.

Particulars	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares, beginning of the year	5,200	10.00	-	-
Granted during the year	117,241	10.00	154,155	10.00
Exercised during the year	114,006	10.00	145,700	10.00
Lapsed during the year	-	-	3,255	10.00
Outstanding shares, end of the year	8,435	10.00	5,200	10.00
Shares vested and exercisable, end of the year	8,435	10.00	5,200	10.00

**Other Stock based compensation arrangements**

The Company has also granted letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at March 31, 2022 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/ shares as at the beginning of the year	192,166
Number of units/ shares granted under letter of intent during the year	-
Vested units/ shares	117,241
Lapsed units/ shares	-
Cancelled units/ shares	9,702
Outstanding units/shares as at the end of the year	65,223
Contractual life	1-2 years
Date of grant*	July 24, 2019, August 2, 2019, October 24, 2019, January 28, 2020, May 12, 2020, June 18, 2020, October 30, 2020, February 8, 2021
Price per share/ unit*	Exercise price of ₹ 10

\* Based on Letter of Intent.

\*\* Does not include direct allotment of shares.

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan was ₹ 873.36 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
Weighted average grant date share price	873.36
Weighted average exercise price	₹ 10
Dividend yield %	0.42%
Expected life	1-2 years
Risk free interest rate	5.56%
Volatility	35.15%

**Employee Stock Option Plan 2021 ('ESOP 2021')**

On May 22, 2021, the shareholders of the Company have approved the Employee Stock Option Plan 2021 ('ESOP 2021') for the issue of upto 2,000,000 options (including the unutilized options under ERSP 2012) to employees of the Company. The Nomination and Remuneration Committee ('NRC') administers the plan through a trust established specifically for this purpose, called the Mindtree Employee Welfare Trust ('ESOP Trust').



The ESOP Trust shall subscribe to the equity shares of the Company using the proceeds from loans obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan, to the extent of number of shares as is necessary for transferring to the employees. The NRC shall determine the exercise price which will not be less than the face value of the shares. Options under this program are granted to employees at an exercise price periodically determined by the NRC. All stock options have a four-year vesting term. The options vest and become fully exercisable at the rate of 25% each over a period of 4 years from the date of grant. Each option is entitled to 1 equity share of ₹ 10 each. These options are exercisable within 6 years from the date of vesting.

**ESOP 2021 - Series A**

Particulars	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options, beginning of the year	-	-	-	-
Granted during the year	328,128	10.00	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	16,160	10.00	-	-
Outstanding options, end of the year	311,968	10.00	-	-
Options vested and exercisable, end of the year	-	-	-	-

The options outstanding as at March 31, 2022 have an exercise price of ₹ 10 (As at March 31, 2021: NA) and a weighted average remaining contractual life of 1.88 years (As at March 31, 2021: NA).

The weighted average fair value of each option under the above mentioned Series A of ESOP 2021 plan was ₹ 2,965.70 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
Weighted average grant date share price	₹ 2,984.23
Exercise price	₹ 10
Dividend yield %	0.10%
Expected life	1-4 years
Risk free interest rate	4.88%
Volatility	34.68%

**ESOP 2021 - Series B**

Particulars	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options, beginning of the year	-	-	-	-
Granted during the year	187,000	3290.65	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	17,000	2,683.80	-	-
Outstanding options, end of the year	170,000	3,290.65	-	-
Options vested and exercisable, end of the year	-	-	-	-

The options outstanding as at March 31, 2022 have an exercise price of ₹ 3,290.65 (As at March 31, 2021: NA) and a weighted average remaining contractual life of 1.99 years (As at March 31, 2021: NA).

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The weighted average fair value of each option under the above mentioned ESOP 2021 plan was ₹ 926.45 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
Weighted average grant date share price	₹ 3,411.29
Exercise price	₹ 3,290.65
Dividend yield %	0.11%
Expected life	1-4 years
Risk free interest rate	4.94%
Volatility	34.29%

On May 22, 2021, the shareholders of the Company, through postal ballot, have approved the Grant of loan to Mindtree Employee Welfare Trust ('ESOP Trust'), the value of which, shall not exceed the statutory ceiling of five (5%) percent of the paid-up capital and free reserves of the Company as on March 31, 2021. Further, the Company has obtained in-principle approval for listing of upto a maximum of 2,000,000 equity shares of ₹ 10 each to be issued under ESOP 2021 from NSE and BSE on June 10, 2021 and June 14, 2021 respectively. The trust deed was executed effective May 25, 2021 and registered on August 24, 2021.

### 13. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Capital reserve</b>		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	-	87
<b>b) Capital redemption reserve</b>		
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares pursuant to Section 69 of the Companies Act, 2013.	42	42
<b>c) Securities premium</b>		
Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.	507	399
<b>d) General reserve</b>		
This represents appropriation of profit by the Company.	226	226
<b>e) Special Economic Zone reinvestment reserve</b>		
This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(II) of the Income Tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of the Income Tax Act, 1961.	2,272	1,482
<b>f) Retained earnings</b>		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.	47,998	38,560
<b>g) Share option outstanding account</b>		
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees.	420	98
<b>h) Effective portion of Cash Flow Hedges</b>		
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve (net of taxes) to the extent that the hedge is effective.	2,245	1,352
<b>i) Foreign currency translation reserve</b>		
Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	(416)	(416)
<b>j) Other items of other comprehensive income</b>		
Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset.	(208)	(291)
<b>Total</b>	<b>53,086</b>	<b>41,539</b>

Refer statement of changes in equity for movement during the year.

**13.1 Distributions made and proposed**

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2022 and March 31, 2021 was ₹ 27.5 and ₹ 17.5 respectively.

The Board of Directors at its meeting held on April 16, 2021 had recommended a final dividend of 175% (₹ 17.5 per equity share of par value ₹ 10 each) for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on July 13, 2021. The aforesaid dividend was paid during the year ended March 31, 2022.

The Board of Directors have recommended a final dividend of 270% (₹ 27 per equity share of par value ₹ 10 each) for the financial year ended March 31, 2022 which is subject to the approval of shareholders at the Annual General Meeting.

## Non-current liabilities

**14. Financial liabilities****14.1 Other financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Derivative financial instruments	1	-
Employee benefits payable	-	4
Others (Security deposits for sub-lease)	3	2
<b>Total</b>	<b>4</b>	<b>6</b>

## Current liabilities

**15. Financial liabilities****15.1 Trade payables ageing schedule**

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>As at March 31, 2022</b>							
a) Micro, small and medium enterprises	-	95	-	-	-	-	<b>95</b>
b) Others	3,595	1,667	-	-	-	-	<b>5,262</b>
<b>Total</b>	<b>3,595</b>	<b>1,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,357</b>
<b>As at March 31, 2021</b>							
a) Micro, small and medium enterprises	-	43	-	-	-	-	<b>43</b>
b) Others	1,848	638	144	-	-	-	<b>2,630</b>
<b>Total</b>	<b>1,848</b>	<b>681</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,673</b>

**15.2 Other financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Book overdrafts	-	-
Unclaimed dividends	28	25
Employee benefits payable	5,594	4,673
Derivative financial instruments	12	33
Capital creditors	261	61
Margin money	-	386
Liability towards transfer of business (refer note 43)	990	-
Others	-	72
<b>Total</b>	<b>6,885</b>	<b>5,250</b>

## 16. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Unearned income (refer note 16.1)	775	322
Statutory dues (including provident fund and tax deducted at source)	1,430	812
Advance from customers	864	732
Gratuity payable (net)*	213	83
Liability for discount	1,033	557
Others	3	3
<b>Total</b>	<b>4,318</b>	<b>2,509</b>

\* Refer note 22 for details of gratuity plan as per Ind AS 19.

### 16.1 Unearned income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	322	341
Invoiced during the year	7,878	5,151
Revenue recognized during the year	(7,425)	(5,170)
<b>Balance at the end of the year</b>	<b>775</b>	<b>322</b>

## 17. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for post contract support services	22	15
Provision for foreseeable losses on contracts	1	16
Provision for compensated absences	1,530	1,437
Provision for disputed dues*#	812	759
Provision for unspent CSR expenses**	77	-
<b>Total</b>	<b>2,442</b>	<b>2,227</b>

\*Represents disputed dues provided pursuant to unfavourable orders received from the tax authorities against which the Company has preferred an appeal with the relevant authority. In respect of the provisions of Ind AS 37, the disclosures required have not been provided pursuant to the limited exemption provided under paragraph 92 of Ind AS 37.

# Also refer note 36(f).

\*\*Refer note 39.

The disclosure of provisions movement as required under the provisions of Ind AS 37 is as follows:

### Provision for post contract support services

Provision for post contract support services represents cost associated with providing sales support services which are accrued at the time of recognition of revenue and are expected to be utilized within a period of one year.

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	15	10
Provisions made during the year	8	7
Released during the year	(1)	(2)
<b>Provision at the end of the year</b>	<b>22</b>	<b>15</b>

### Provision for foreseeable losses on contracts

Provision for foreseeable losses on contracts represents excess of estimated cost over the future revenues to be recognised and expected to be utilized within a period of one year.

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	16	62
Provisions made during the year	66	23
Released during the year	(81)	(69)
<b>Provision at the end of the year</b>	<b>1</b>	<b>16</b>

**Provision for disputed dues**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	759	95
Provisions made during the year	53	664
<b>Provision at the end of the year</b>	<b>812</b>	<b>759</b>

**Provision for unspent CSR expenses**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	-	-
Provisions made during the year	77	-
<b>Provision at the end of the year</b>	<b>77</b>	<b>-</b>

**18. Income tax****Income tax expense in the statement of profit and loss consists of:**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Current income tax	5,546	4,214
Deferred tax	32	(335)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>5,578</b>	<b>3,879</b>
<b>Income tax expense recognised in other comprehensive income:</b>		
- Current tax arising on income and expense recognised in other comprehensive income		
Remeasurement of defined benefit plan	(24)	28
- Deferred tax arising on income and expense recognised in other comprehensive income		
Effective portion of cash flow hedges	(480)	(1,819)
<b>Total</b>	<b>(504)</b>	<b>(1,791)</b>

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Profit before tax	22,106	14,982
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	7,724	5,235
<b>Effect of:</b>		
Income exempt from tax	(2,151)	(1,771)
Temporary differences reversing during the tax holiday period	(70)	(4)
Expenses (net) that are not deductible in determining taxable profit	52	106
Different tax rates of branches operating in other jurisdictions	171	157
Income subject to different tax rates	4	-
True-up of tax provisions related to previous years	(154)	155
Others	2	1
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>5,578</b>	<b>3,879</b>

The tax rates under Indian Income Tax Act, for the year ended March 31, 2022 and March 31, 2021 was 34.94%.

**Deferred tax**

Deferred tax assets/(liabilities) as at March 31, 2022 in relation to:

Particulars	As at April 1, 2021	Recognised in profit and loss	Recognised in Other Comprehensive Income	As at March 31, 2022
Property, plant and equipment	657	(185)	-	472
Right-of-use assets net of lease liabilities	167	33	-	200
Allowance for expected credit losses	105	(11)	-	94
Provision for compensated absences	289	62	-	351
Intangible assets	(48)	(15)	-	(63)
Net gain on fair value of investments	(322)	(37)	-	(359)
Effective portion of cash flow hedges	(726)	-	(480)	(1,206)
Others	229	121	-	350
<b>Total</b>	<b>351</b>	<b>(32)</b>	<b>(480)</b>	<b>(161)</b>

Deferred tax assets/(liabilities) as at March 31, 2021 in relation to:

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in Other Comprehensive Income	As at March 31, 2021
Property, plant and equipment	513	144	-	657
Right-of-use assets net of lease liabilities	98	69	-	167
Allowance for expected credit losses	84	21	-	105
Provision for compensated absences	288	1	-	289
Liability for discount	(13)	13	-	-
Intangible assets	(354)	306	-	(48)
Net gain on fair value of investments	(126)	(196)	-	(322)
Effective portion of cash flow hedges	1,093	-	(1,819)	(726)
Others	252	(23)	-	229
<b>Total</b>	<b>1,835</b>	<b>335</b>	<b>(1,819)</b>	<b>351</b>

The Company has not created deferred tax assets on the following:

Particulars	As at March 31, 2022	As at March 31, 2021
Unused tax losses (long term capital loss) which expire in:		
-FY 2021-22	18	48
-FY 2022-23	28	28
-FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	79	94

The Company has units at Bengaluru, Hyderabad, Chennai and Bhubaneshwar registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Company also has STPI units at Bengaluru and Pune which are registered as 100 percent Export Oriented Units, which were earlier entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961.

A portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Dividend income from certain category of investments is exempt from tax. The difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax.

Pursuant to the changes in the Indian income tax laws in fiscal year 2007, Minimum Alternate Tax (MAT) has been extended to income in respect of which deduction is claimed under the tax holiday schemes discussed above; consequently, the Company has calculated its tax liability for current domestic taxes after considering MAT, as applicable. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions.

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

## 19. Revenue from operations

The nature of contract impacts the method of revenue recognition and the contracts are classified as Fixed-price contracts, Maintenance contracts and Time and materials contracts.

### Revenue by contract type

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Fixed-price and Maintenance	67%	69%
Time and materials	33%	31%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Refer note 38 for disaggregation of revenue by industry and geographical segments.

### Transaction price allocated to the remaining performance obligations

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Within 1 year	54,847	23,149
1-3 years	21,183	17,707
More than 3 years	2,195	3,213

The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. The above revenue is subject to change in transaction price, if any.

The Company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts (ii) onerous obligations (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on such evaluation. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

## 20. Other income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Net gain on financial assets designated at fair value through profit or loss*	832	909
Interest income on financial assets at amortized cost	402	166
Interest income on financial assets at fair value through profit or loss	24	-
Foreign exchange gain, net	1,528	286
Others**	285	156
<b>Total</b>	<b>3,071</b>	<b>1,517</b>

\*Includes net gain/(loss) on sale of investments for the year ended March 31, 2022 ₹ 728 (For the year ended March 31, 2021 ₹ 348).

\*\*Includes net gain/(loss) on disposal of property, plant and equipment for the year ended March 31, 2022 ₹ 9 (For the year ended March 31, 2021 ₹ 45). Further includes net gain/(loss) on termination of right-of-use assets for the year ended March 31, 2022 ₹ Nil (For the year ended March 31, 2021 ₹ 33).

## 21. Employee benefits expense

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Salaries and wages (refer note 28)	58,183	46,719
Contribution to provident and other funds*	4,324	4,084
Share based payments to employees (refer note 12(g))**	438	99
Staff welfare expenses	333	230
<b>Total</b>	<b>63,278</b>	<b>51,132</b>

\*Includes contribution to defined contribution plans for the year ended March 31, 2022 ₹ 3,942 (For the year ended March 31, 2021 ₹ 3,832). Also refer note 36(f).

\*\*The employees of the Company are eligible for shares under Employee Stock Option Plans of L&T Limited. The Company has recorded for the year ended March 31, 2022 an amount of ₹ 8 (For the year ended March 31, 2021 ₹ Nil) as cost of such stock option plans, based on amounts cross-charged by the Parent Company. Also refer note 35.

## 22. Gratuity

Amount recognized in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
<b>Gratuity cost</b>		
Service cost	377	234
Net interest on net defined liability/(asset)	5	18
Re-measurement - actuarial (gain)/loss recognised in OCI	(107)	116
<b>Net gratuity cost</b>	<b>275</b>	<b>368</b>
<b>Assumptions</b>		
Discount rate	6.50%	5.85%
Salary increase	0%-7.5%	0%-7.5%
Withdrawal rate	15.33%	16.28%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Indian Assured Lives Mortality (2012-14) Ult.

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The following table sets out the status of the gratuity plan.

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Change in defined benefit obligations</b>		
Obligations at the beginning of the year	1,408	1,071
Service cost	377	234
Interest cost	82	67
Benefits settled	(257)	(124)
Adjustment towards transfer of business (refer note 43)	7	-
Actuarial (gain)/loss – experience	(36)	2
Actuarial (gain)/loss – demographic assumptions	12	(23)
Actuarial (gain)/loss – financial assumptions	(62)	181
<b>Obligations at the end of the year</b>	<b>1,531</b>	<b>1,408</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value	1,325	789
Interest income on plan assets	77	50
Adjustment towards transfer of business (refer note 43)	7	-
Return on plan assets greater/(lesser) than discount rate	21	44
Contributions	143	561
Benefits settled	(255)	(119)
<b>Plan assets at the end of the year, at fair value</b>	<b>1,318</b>	<b>1,325</b>

### Historical information:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	(1,531)	(1,408)	(1,071)	(874)	(705)
Fair value of plan assets	1,318	1,325	789	644	564
<b>Liability recognised</b>	<b>(213)</b>	<b>(83)</b>	<b>(282)</b>	<b>(230)</b>	<b>(141)</b>

The experience adjustments, meaning difference between changes in plan assets and obligations expected on the basis of actuarial assumption and actual changes in those assets and obligations are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Experience adjustment on plan liabilities	(36)	2
Experience adjustment on plan assets	22	44



**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(92)	103	(82)	92
Future salary growth (1% movement)	102	(93)	91	(83)
Withdrawal rate (1% movement)	(13)	14	(12)	13

**Maturity profile of defined benefit obligation:**

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	196	193
1-2 years	192	182
2-3 years	191	180
3-4 years	185	173
4-5 years	183	160
5-10 years	695	588
More than 10 years	862	667

The Company expects to contribute ₹ 684 to its defined benefit plans during the next year.

As at March 31, 2022 and March 31, 2021, 100% of the plan assets were invested in insurer managed funds.

The Company has established an income tax approved irrevocable trust fund to which it regularly contributes to finance liabilities of the plan. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

**23. Finance costs**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Interest expense on lease liabilities	494	503
Interest expense - others	8	1
<b>Total</b>	<b>502</b>	<b>504</b>

**24. Depreciation and amortization expense**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment (refer note 3)	1,086	922
Depreciation of right-of-use assets (refer note 5)	1,122	1,081
Amortization of other intangible assets (refer note 6)	212	593
<b>Total</b>	<b>2,420</b>	<b>2,596</b>

**25. Other expenses**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Travel expenses	1,088	762
Communication expenses	716	583
Computer consumables	2,194	1,514
Legal and professional charges	940	523
Power and fuel	183	168
Lease rentals*	143	115
Repairs and maintenance		
- Buildings	404	282
- Machinery	37	43

## Standalone Financial Statements

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Insurance	110	105
Rates and taxes	648	534
Other expenses**	2,767	1,622
<b>Total</b>	<b>9,230</b>	<b>6,251</b>

\* Represents lease rentals for short term leases and leases of low value assets.

\*\* Includes expenditure incurred on CSR activities. Refer note 39 for details of CSR expenses.

## 26. Auditor's remuneration

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
<b>Payment to Auditor as:</b>		
(a) auditor	20	20
(b) for taxation matters#	1	1
(c) for other services***	3	3
(d) for reimbursement of expenses	-	-
<b>Total</b>	<b>24</b>	<b>24</b>

\* The above excludes amounts paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India, for the year ended March 31, 2022 ₹ 3 (For the year ended March 31, 2021 ₹ 5).

# Represents payment towards tax-audit services.

## Represents payment towards audit of IFRS financial statements and other attestation engagements.

## 27. Earnings per share (EPS)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Profit for the year (A)	16,528	11,103
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,779,774	164,661,734
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,884,399	164,742,573
<b>Earnings per share:</b>		
Equity shares of par value ₹ 10 each		
(1) Basic (₹) (A/B)	100.30	67.43
(2) Diluted (₹) (A/C)	100.24	67.39

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	For the year ended			
	March 31, 2022		March 31, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	164,779,774	164,779,774	164,661,734	164,661,734
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	104,625	-	80,839
Weighted average number of equity shares for calculation of earnings per share	164,779,774	164,884,399	164,661,734	164,742,573

## 28. Government grants

- a) The Company has claimed R&D tax relief under UK corporation tax rules. The Company undertakes R&D activities and incurs qualifying revenue expenditure which is entitled to an additional deduction under UK corporation tax rules, details of which are given below:

Nature of expenses	For the year ended	
	March 31, 2022	March 31, 2021
Grant towards R&D credit	30	51
<b>Total</b>	<b>30</b>	<b>51</b>

The grant recognized in the balance sheet is ₹ 63 as at March 31, 2022 (As at March 31, 2021 is ₹ 79).

- b) During the year ended March 31, 2022, the Company received government grants amounting to ₹ 1 from governments of various countries on compliance of several employment-related conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted as a credit to employee benefits expense (refer note 21). (For the year ended March 31, 2021 ₹ 69).

## 29. Other Comprehensive Income (OCI)

Components of changes to OCI by each type of reserve in equity is shown below-

### During the year ended March 31, 2022

Particulars	Effective portion of Cash Flow Hedges	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss -Remeasurement gains/ (losses) on defined benefit plans	-	107	107
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(24)	(24)
	-	<b>83</b>	<b>83</b>
B (i) Items that will be reclassified to profit or loss -Effective portion of Cash Flow Hedges	1,373	-	1,373
(ii) Income tax relating to items that will be reclassified to profit or loss	(480)	-	(480)
	<b>893</b>	-	<b>893</b>
<b>Total</b>	<b>893</b>	<b>83</b>	<b>976</b>

### During the year ended March 31, 2021

Particulars	Effective portion of Cash Flow Hedges	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss -Remeasurement gains/ (losses) on defined benefit plans	-	(117)	(117)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	28	28
	-	<b>(89)</b>	<b>(89)</b>
B (i) Items that will be reclassified to profit or loss -Effective portion of Cash Flow Hedges	5,206	-	5,206
(ii) Income tax relating to items that will be reclassified to profit or loss	(1,819)	-	(1,819)
	<b>3,387</b>	-	<b>3,387</b>
<b>Total</b>	<b>3,387</b>	<b>(89)</b>	<b>3,298</b>

## 30. Leases

### a) Company as a lessee

Leases not yet commenced to which the Company is committed, amounts to ₹ 349 as at March 31, 2022 for a lease term of 2 to 5.5 years (As at March 31, 2021: ₹ 839 for a lease term of 10 years).

### b) Company as a lessor

The Company has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the year ended March 31, 2022 amounted to ₹ 30 (For the year ended March 31, 2021 ₹ 39).

Particulars	As at March 31, 2022	As at March 31, 2021
Receivable – Not later than one year	28	26
Receivable – Later than one year and not later than five years	27	38

### 31. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Financial assets</b>				
<b>Amortised cost</b>				
Trade receivable	17,313	12,742	17,313	12,742
Cash and cash equivalents	10,494	7,575	10,494	7,575
Other financial assets	4,801	2,572	4,801	2,572
Investment in term deposit (unquoted)	5,431	1,821	5,431	1,821
Investment in debt securities (quoted)	2,798	949	2,798	949
Investment in commercial paper (unquoted)	1,378	340	1,378	340
<b>FVTOCI</b>				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	7	7	7	7
Derivative financial instruments - cash flow hedge	3,460	2,088	3,460	2,088
<b>FVTPL</b>				
Investments in mutual fund (quoted)	15,578	17,036	15,578	17,036
Investments in perpetual bonds (quoted)	314	314	314	314
Derivative financial instruments - fair value hedge	30	5	30	5
<b>Total assets</b>	<b>61,605</b>	<b>45,450</b>	<b>61,605</b>	<b>45,450</b>
<b>Financial liabilities</b>				
<b>Amortized cost</b>				
Lease liabilities	5,557	5,377	5,557	5,377
Trade payables	5,357	2,673	5,357	2,673
Other financial liabilities	6,876	5,223	6,876	5,223
<b>FVTOCI</b>				
Derivative financial instruments - cash flow hedge	8	2	8	2
<b>FVTPL</b>				
Derivative financial instruments - fair value hedge	5	31	5	31
<b>Total liabilities</b>	<b>17,803</b>	<b>13,306</b>	<b>17,803</b>	<b>13,306</b>

The Management assessed that fair value of cash and short-term deposits, trade receivables, other current financial assets, lease liabilities, trade payables, book overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

The following methods and assumptions were used to estimate the fair values:

- i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- ii) The fair value of the quoted bonds and mutual funds are based on price quotations at reporting date. The fair value of unquoted instruments and other financial liabilities, as well as other non-current financial liabilities, as applicable, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- iii) Fair values of the Company's interest-bearing borrowings and loans are determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The own non-performance risk as at March 31, 2022 is assessed to be insignificant.

- iv) The fair values of the unquoted equity and preference shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility/ the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- v) The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. Foreign exchange forward contracts and option contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2022 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, as applicable. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value. Also refer note 32.

### 32. Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2022 and March 31, 2021.

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as at March 31, 2022:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
Derivative financial instruments* (Notes 31, 7.2 & 10.4)	March 31, 2022	3,490	-	3,490	-
FVTOCI financial assets designated at fair value (Notes 31 & 7.1):					
Investment in equity instruments (unquoted)	March 31, 2022	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2022	7	-	-	7
FVTPL financial assets designated at fair value (Notes 31, 7.1 & 10.1):					
Investment in mutual funds (quoted)	March 31, 2022	15,578	15,578	-	-
Investment in perpetual bonds (quoted)	March 31, 2022	314	314	-	-
<b>Financial liabilities measured at fair value:</b>					
Derivative financial instruments* (Notes 31, 14.1 & 15.2):	March 31, 2022	13	-	13	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

## Standalone Financial Statements

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as at March 31, 2021:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>					
Derivative financial instruments* (Notes 31, 7.2 & 10.4)	March 31, 2021	2,093	-	2,093	-
FVTOCI financial assets designated at fair value (Notes 31 & 7.1):					
Investment in equity instruments (unquoted)	March 31, 2021	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2021	7	-	-	7
FVTPL financial assets designated at fair value (Notes 31, 7.1 & 10.1):					
Investment in mutual funds (quoted)	March 31, 2021	17,036	17,036	-	-
Investment in perpetual bonds (quoted)	March 31, 2021	314	314	-	-
<b>Financial liabilities measured at fair value:</b>					
Derivative financial instruments* (Notes 31, 14.1 & 15.2):	March 31, 2021	33	-	33	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Reconciliation of fair value measurement of unquoted investment in equity instruments and preference shares classified as FVTOCI (Level 3)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening balance</b>	<b>8</b>	<b>8</b>
Remeasurement recognised in OCI	-	-
Purchases	-	-
Sales	-	-
<b>Closing balance</b>	<b>8</b>	<b>8</b>

\*Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

### Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and certain Highly Probable Forecast Exposures (HPFE) denominated in foreign currency. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and HPFE. The Company regularly reviews its foreign exchange forward and option positions both on a standalone basis and in conjunction with its underlying foreign currency related exposures. Hence, the movement in Mark To Market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Company. The Company monitors the potential risk arising out of the market factors like exchange rates on a regular basis. The counterparty in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material. For on balance sheet exposures, the Company monitors the risks on net unhedged exposures. The Company has evaluated the impact of the COVID-19 event on its highly probable forecasted transactions and concluded that there was no impact on the probability of occurrence of the hedged transaction. The Company has considered the effect of changes, if any, in both counterparty credit risk and its own credit risk in assessing hedge effectiveness and measuring hedge ineffectiveness.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Particulars	As at March 31, 2022	As at March 31, 2021
Non-designated derivative instruments:		
in USD million	1,725	1,146

The foreign exchange forward and option contracts mature anywhere between 1-60 months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Not later than 12 months	Later than 12 months	Not later than 12 months	Later than 12 months
<b>Forward contracts</b>				
Non-designated derivative instruments (Sell)				
Cash Flow Hedge				
in USD millions	608	926	409	587
Average rate	80.13	84.31	77.18	81.94
in INR millions	48,717	78,069	31,565	48,100
Fair Value Hedge				
in USD millions	185	-	132	-
Average rate	76.12	-	73.30	-
in INR millions	14,082	-	9,675	-
<b>Option contracts (three legged option contracts)</b>				
Non-designated derivative instruments				
Number of contracts	6	-	12	6
Notional amount (in USD millions)	6	-	12	6
Fair value (in INR millions)	18	-	24	10

Refer notes 29, 31 and 33.

#### Reconciliation of cash flow hedges

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	1,352	(2,035)
Gain/ (loss) recognized in the other comprehensive income during the year	2,551	4,948
Amount reclassified to profit and loss during the year	(1,178)	258
Tax impact on the above	(480)	(1,819)
<b>Balance at the end of the year</b>	<b>2,245</b>	<b>(1,352)</b>

### 33. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Ratings of customers are periodically monitored. The Company has considered the latest available credit-ratings of customers in view of COVID-19 to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Revenue from top customer	26,573	22,984
Revenue from top 5 customers	37,688	32,193

One customer accounted for more than 10% of the revenue for the year ended March 31, 2022 and March 31, 2021. Further, one customer accounted for more than 10% of the receivables as at March 31, 2022 and March 31, 2021.

#### Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Liquidity position of the Company is given below:

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	10,494	7,575
Investments in mutual funds (quoted)	15,578	16,975
Investments in non-convertible bonds/ debentures (quoted)	1,324	171
Investment in term deposit (unquoted)	4,111	1,821
Investment in commercial paper (unquoted)	1,378	340
<b>Total</b>	<b>32,885</b>	<b>26,882</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021.

Particulars	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,334	1,172	4,870
Trade payables	5,357	-	-
Other financial liabilities	6,873	3	-
Derivative financial instruments - fair value hedge	5	-	-
Derivative financial instruments - cash flow hedge	7	1	-

  

Particulars	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,320	1,129	4,851
Trade payables	2,673	-	-
Other financial liabilities	5,217	6	-
Derivative financial instruments - fair value hedge	31	-	-
Derivative financial instruments - cash flow hedge	2	-	-

#### Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses and foreign currency borrowings (primarily in U.S. Dollars, British Pound Sterling and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues measured in Rupees may decrease. The exchange rate between the Indian Rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has a foreign exchange hedging committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.



Consequently, the Company uses derivative financial instruments, such as foreign exchange forward contracts and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

The details in respect of the outstanding foreign exchange forward contracts and option contracts are given under the derivative financial instruments section.

In respect of the Company's forward contracts and option contracts, a 1% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- an approximately ₹ 140 increase and ₹ 140 decrease in the Company's net profit in respect of its fair value hedges and ₹ 1,167 increase and ₹ 1,167 decrease in the Company's effective portion of cash flow hedges as at March 31, 2022;
- an approximately ₹ 97 increase and ₹ 97 decrease in the Company's net profit in respect of its fair value hedges and ₹ 741 increase and ₹ 741 decrease in the Company's effective portion of cash flow hedges as at March 31, 2021.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2022 and March 31, 2021.

**As at March 31, 2022**

₹ in million

Particulars	US \$	Euro	Pound Sterling	Other currencies*	Total
<b>Assets</b>					
Trade receivables	11,197	2,325	1,199	1,125	15,846
Unbilled revenue	2,455	395	420	201	3,471
Cash and cash equivalents	8,652	220	435	652	9,959
Other assets	74	23	34	26	157
<b>Liabilities</b>					
Lease liabilities	2,171	15	138	25	2,349
Trade payables	2,772	236	592	181	3,781
Other liabilities	2,866	160	362	127	3,515
<b>Net assets/liabilities</b>	<b>14,569</b>	<b>2,552</b>	<b>996</b>	<b>1,671</b>	<b>19,788</b>

\* Others include currencies such as Singapore \$, Australian \$, Canadian \$, Japanese Yen, Malaysian Ringgit, etc.

**As at March 31, 2021**

₹ in million

Particulars	US \$	Euro	Pound Sterling	Other currencies*	Total
<b>Assets</b>					
Trade receivables	8,991	1,491	930	644	12,056
Unbilled revenue	1,206	296	114	118	1,734
Cash and cash equivalents	6,209	228	278	405	7,120
Other assets	35	13	12	6	66
<b>Liabilities</b>					
Lease liabilities	2,370	15	192	34	2,611
Trade payables	1,273	112	262	64	1,711
Other liabilities	2,676	96	285	75	3,132
<b>Net assets/liabilities</b>	<b>10,122</b>	<b>1,805</b>	<b>595</b>	<b>1,000</b>	<b>13,522</b>

\* Others include currencies such as Singapore \$, Australian \$, Canadian \$, Japanese Yen, Malaysian Ringgit, etc.

For the year ended March 31, 2022, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.3%/ (0.3)%. For the year ended March 31, 2021, the impact on operating margins would be 0.3%/ (0.3)%.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments. The Company's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

### 34. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Total equity attributable to the equity shareholders of the Company	54,734	43,186
As percentage of total capital	91%	89%
Total loans and borrowings	-	-
Total lease liabilities	5,557	5,377
Total loans, borrowings and lease liabilities	5,557	5,377
As a percentage of total capital	9%	11%
<b>Total capital (loans, borrowings, lease liabilities and equity)</b>	<b>60,291</b>	<b>48,563</b>

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of debt.

### 35. Related party transaction

Name of related party	Nature of relationship
Larsen & Toubro Limited	Parent Company
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary
Bluefin Solutions Sdn Bhd*	Subsidiary
Larsen & Toubro Infotech Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Investment Management Limited**	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Geostucture Private Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Infrastructure Engineering Limited	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
L&T Realty Developers Limited	Fellow Subsidiary
L&T-MHI Power Boilers Private Limited	Joint venture of Parent Company
L&T-STEC JV Mumbai	Joint operation of Parent Company
L&T Daewoo JV	Joint operation of Parent Company
L&T-Powerchina JV	Joint operation of Parent Company
Mindtree Foundation	Entity with common key managerial person
Bridgeweave Limited	Entity with common key managerial person
Music Broadcast Limited	Entity with common key managerial person
Manipal Health Enterprises Private Limited^	Entity with common key managerial person
Mindtree Limited Employees Gratuity Fund Trust	Gratuity Trust

\* Under liquidation.

\*\* Investment Manager for L&T Mutual Fund.

^ Ceased to be a related party w.e.f. February 14, 2022.

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended	
		March 31, 2022	March 31, 2021
Mindtree Software (Shanghai) Co., Ltd	Software services received	5	5
	Donation paid* (refer note 39)	89	17
Mindtree Foundation	Provision towards unspent CSR expenses (refer note 39)	77	-
	Software services rendered	48	44
Mindtree Limited Employees Gratuity Fund Trust	Contribution for Gratuity	143	561

Name of related party	Nature of transaction	For the year ended	
		March 31, 2022	March 31, 2021
L&T Mutual Fund	Purchase of investments	2,810	730
	Proceeds from sale of investments	2,521	546
	Dividend paid	2,765	1,759
	Software services rendered	536	39
	Reimbursement income	4	-
	Management fee expense	132	-
	Guarantee charges	16	6
	Lease rental expense	22	-
	Other services received	2	3
Larsen & Toubro Limited	Subscription expense towards software licenses	41	-
	Reimbursement of personnel cost	-	89
	Reimbursement of travel and other expenses	9	3
	Reimbursement of ESOP cost	8	-
	Security deposit paid	112	-
	Sale of SEIS scrip licenses	77	-
	Purchase consideration towards transfer of business (refer note 43)	2,065	-
	Software services rendered	99	98
	Software services received	281	10
	Lease rental expense	1	-
Larsen & Toubro Infotech Limited	Reimbursement of expenses	3	-
	Reimbursement of personnel cost	-	15
	Subscription paid towards software licenses	645	-
	Software services rendered	36	20
	Software services received	37	9
L&T Technology Services Limited	Reimbursement of expenses	12	-
	Software services rendered	65	57
	Software services received	3	-
L&T Thales Technology Services Private Limited	Software services rendered	7	-
L&T Geostructure Private Limited	Software services rendered	12	-
L&T Infrastructure Engineering Limited	Software services rendered	2	-
L&T Hydrocarbon Engineering Limited	Software services rendered	3	-
L&T Valves Limited	Software services rendered	2	-
L&T-MHI Power Boilers Private Limited	Software services rendered	3	-
L&T-Powerchina JV	Software services rendered	2	-
L&T-STEC JV Mumbai	Software services rendered	1	-
Manipal Health Enterprises Private Limited	Staff welfare expenses	9	-

\*Represents donation made to fund CSR activities and other operating expenses.

**Balances payable to related parties are as follows:**

Name of related party	Nature of balance	As at	As at
		March 31, 2022	March 31, 2021
Mindtree Software (Shanghai) Co., Ltd	Trade payables	-	1
Mindtree Foundation	Provision towards unspent CSR expenses	77	-
Larsen & Toubro Limited	Trade payables	133	6
	Liability towards transfer of business (refer notes 15.2 & 43)	990	-
Larsen & Toubro Infotech Limited	Trade payables	89	10
	Lease liabilities	1	-
L&T Technology Services Limited	Trade payables	27	3
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	207	76

**Balances receivable from related parties are as follows:**

Name of related party	Nature of balance	As at March 31, 2022	As at March 31, 2021
Bridgeweave Limited	Trade receivables	5	28
	Unbilled revenue	12	15
Larsen & Toubro Limited	Trade receivables	395	8
	Unbilled revenue	120	-
	Security deposit	112	-
Larsen & Toubro Infotech Limited	Trade receivables	21	13
	Unbilled revenue	4	5
L&T Technology Services Limited	Trade receivables	4	6
	Unbilled revenue	1	1
L&T Thales Technology Services Private Limited	Trade receivables	17	-
	Unbilled revenue	15	13
L&T Valves Limited	Trade receivables	3	-
	Unbilled revenue	2	-
L&T Infrastructure Engineering Limited	Trade receivables	9	-
L&T Hydrocarbon Engineering Limited	Trade receivables	14	-
	Unbilled revenue	1	-
L&T Geostructure Private Limited	Trade receivables	2	-
L&T-MHI Power Boilers Private Limited	Trade receivables	2	-
	Unbilled revenue	1	-
L&T-Powerchina JV	Trade receivables	1	-
L&T-STEC JV Mumbai	Trade receivables	2	-

The amount outstanding are unsecured and will be settled in cash. No guarantee has been given or received.

**Off balance sheet items with reference to related parties are as follows:**

Name of related party	Nature of balance	As at March 31, 2022	As at March 31, 2021
Larsen & Toubro Limited	Guarantee*	5,039	5,147

\* Performance guarantee given on behalf of the Company.

**Key Managerial Personnel (KMP):**

Anilkumar Manibhai Naik	Non-Executive Chairman
Debashis Chatterjee	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyam	Non-Executive Vice Chairman
Ramamurthi Shankar Raman	Non-Executive Director
Jayant Damodar Patil <sup>7</sup>	Non-Executive Director
Prasanna Rangacharya Mysore <sup>11</sup>	Independent Director
Deepa Gopalan Wadhwa	Independent Director
Apurva Purohit	Independent Director
Milind Sarwate <sup>1</sup>	Independent Director
Akshaya Bhargava <sup>9</sup>	Independent Director
Bijou Kurien <sup>10</sup>	Independent Director
Chandrasekaran Ramakrishnan <sup>4</sup>	Independent Director
Senthil Kumar <sup>2</sup>	Chief Financial Officer
Vinit Ajit Teredesai <sup>3</sup>	Chief Financial Officer
Dayapatra Nevatia <sup>5*</sup>	Executive Director and Chief Operating Officer
Venugopal Lambu <sup>6</sup>	Executive Director and President - Global Markets
Vedavalli Sridharan <sup>8</sup>	Company Secretary
Subhodh Shetty <sup>8</sup>	Company Secretary

<sup>1</sup>Mr. Milind Sarwate, Independent Director resigned from the Board with effect from April 24, 2020.

<sup>2</sup>Mr. Senthil Kumar resigned as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020 and continues as AVP & Finance Controller with effect from June 15, 2020.

<sup>3</sup>Mr. Vinit Ajit Teredesai was appointed as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020.

<sup>4</sup>The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Chandrasekaran Ramakrishnan as Independent Director with effect from July 15, 2020 for a term of five years upto July 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

<sup>5</sup>The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Dayapatra Nevatia, Chief Operating Officer as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

\*Resigned as Executive Director and Chief Operating Officer with effect from January 3, 2022.

<sup>6</sup>The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Venugopal Lambu, President - Global Markets as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

<sup>7</sup>Mr. Jayant Damodar Patil, Non-Executive Director has resigned from the Board of Directors of the Company with effect from the close of business hours on October 15, 2020, due to other commitments and the Board of Directors have accepted the same.

<sup>8</sup>Ms. Vedavalli Sridharan has resigned as the Company Secretary of the Company and Compliance Officer and her resignation is effective from the close of business hours on October 31, 2020. The Nomination and Remuneration Committee and the Board of Directors have appointed Mr. Subhodh Shetty as Company Secretary and Compliance Officer effective November 01, 2020.

<sup>9</sup>The Board of Directors at its meeting held on April 16, 2021 have approved the re-appointment of Mr. Akshaya Bhargava, Independent Director, for a second-term of 5 years from October 1, 2021 upto September 30, 2026 and the same was approved by the shareholders at the Annual General Meeting held on July 13, 2021.

<sup>10</sup>The Board of Directors at its meeting held on April 16, 2021 have approved the re-appointment of Mr. Bijou Kurien, Independent Director, for a second-term of 5 years from July 17, 2021 upto July 16, 2026 and the same was approved by the shareholders at the Annual General Meeting held on July 13, 2021.

<sup>11</sup>Mr. Prasanna Rangacharya Mysore, Independent Director ceased as a Director with effect from April 1, 2022 on completion of his tenure.

#### Transactions with key managerial personnel

Dividends paid to key managerial personnel during the year ended March 31, 2022 amounts to ₹ 1 (For the year ended March 31, 2021 ₹ 0). Further, during the year ended March 31, 2022, 45,100 (March 31, 2021: 23,255) shares were allotted to key managerial personnel.

#### Compensation of key managerial personnel of the Company

Particulars	For the year ended*	
	March 31, 2022	March 31, 2021
Short-term employee benefits	298	214
Share-based payment transactions	26	35
Others	35	34
<b>Total compensation paid to key managerial personnel</b>	<b>359</b>	<b>283</b>

\* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

### 36. Contingent liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts	824	824

- The Company has received income tax assessment order for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to ₹ 11 and ₹ 10 respectively on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company had filed an appeal with Commissioner of Income Tax (Appeals) against the demand received. The Company has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to ₹ 18 against these demands. For the financial year 2006-07, Commissioner of Income Tax (Appeals) has passed an order during the year, pursuant to which substantial relief has been granted. The Company is awaiting the order giving effect from the Commissioner of Income Tax (Appeals).
- The Company has received income tax assessment order under Section 143(3) of the Income-Tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09 wherein demand of ₹ 215, ₹ 49, ₹ 61, ₹ 28, ₹ 58, ₹ 214 and ₹ 63 respectively has been raised against the Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal (ITAT). The Company has deposited ₹ 15 with the department against these demands. The department has adjusted pending refunds amounting to ₹ 556 against these demands.

The Company received a favourable order from the Commissioner of Income Tax (Appeals) for the financial year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the Company's contentions and quashed the demand raised. The income tax department appealed against the above mentioned order with ITAT. ITAT, in an earlier year passed an order setting aside both the orders of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and remanded the matter back to the Assessing Officer for re-assessment. The Company preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment. The Deputy Commissioner of Income Tax has completed the reassessment and has issued a Final assessment order with a revised demand amounting to ₹ 202 due to transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).

The Company has received the order from the Commissioner of Income Tax (Appeals) for the financial year 2004-05 and on the unfavourable grounds, the Company had filed an appeal with ITAT, Bengaluru. ITAT has issued a favourable order in connection with TP proceedings. The department preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT.

The Company has received the order from ITAT for the financial year 2005-06 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Company has filed an appeal with the Hon'ble High Court of Karnataka. The Hon'ble High Court has dismissed the appeal and this matter was pending with Assessing Officer. The Assessing Officer has passed the final assessment order and the Company has filed an appeal against the same before the ITAT.

The Company has received the order from ITAT for the financial year 2007-08 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received.

The Company has received revised order for the financial year 2008-09 under section 263 from Assessing Officer raising an additional demand of ₹ 61, taking the total demand to ₹124. The Company had filed an appeal before ITAT. Subsequently, the Company has received the order from ITAT for the financial year 2008-09 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received. During the year ended March 31, 2020, the Company filed a writ petition with the Hon'ble High Court of Karnataka to stay the proceedings of the assessing officer for the financial years 2007-08 and 2008-09.

The Company has appealed against the demands received for financial years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. Based on favourable order received by the Company for the financial year 2001-02 from the Commissioner of Income Tax (Appeals) and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

- c) The Company received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to ₹ 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Company has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavourable grounds, the Company has filed an appeal before ITAT. The final order giving effect by the Assessing Officer is completed and the demand is reduced to ₹ 33. The Company has deposited ₹ 5 with the department against this demand.

- d) The Company has received the revised order under section 263 for financial year 2009-10 from Assessing Officer reducing the demand to ₹ 6. The Company has filed an appeal before ITAT. ITAT has dismissed the appeal. Order giving effect has been received. The Company has filed a rectification request against the order giving effect.
- e) The Company has received a final assessment order for financial year 2012-13 from the Deputy Commissioner of Income Tax with a demand amounting to ₹ 15 on account of certain disallowances. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company had filed an appeal with Commissioner of Income Tax (Appeals) and during the year, the Company has received an order wherein partial relief has been provided. The Company has filed an appeal against the same with the ITAT and the order giving effect to the Commissioner of Income Tax (Appeals) order is awaited.
- f) During the year ended March 31, 2018, the Company received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to ₹ 250 for dues up to June 2016, and excludes any additional interest that may be determined by the authorities from that date till resolution of the dispute, on (a) full salary paid to International Workers and (b) special allowance paid to employees. Based on a legal advice obtained, the Company has assessed that it has a legitimate ground for appeal, and has contested the order by filing an appeal with the Employees' Provident Funds Appellate Tribunal. In view of the changes in the regulations with the new wage code and social security code, the Company, supported by legal advice, continues to re-estimate the probability of any liability arising from this matter and has accordingly recognized a provision of ₹ 709 (March 31, 2021: ₹ 659), including estimated interest, as on the date of the balance sheet.

### 37. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2022 is ₹ 753 (As at March 31, 2021: ₹ 431).

### 38. Segment information

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The Company is structured into five reportable business segments – RCM, BFSI, CMT, TTH and HCARE. With effect from April 1, 2021, the Company has expanded its foray into Healthcare industry and has revisited the classification of existing customers. This has resulted in HCARE being introduced as a new segment and expanding the TTH segment to include customers who were involved directly or indirectly with the real estate sector. Accordingly, the Company has regrouped certain customers between the segments and the comparative numbers have been restated to give effect to such change. The reportable business segments are in line with the segment-wise information which is being presented to the CODM.

Each segment item is presented at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Geographic information is based on business sources from that geographic region and delivered from both on-site and off-shore. The geographic regions comprise of North America, Continental Europe, UK and Ireland and Asia Pacific (includes Rest of the World).

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

CODM does not review assets and liabilities at reportable segments level, hence segment disclosure relating to total assets and liabilities has not been provided. Geographical information on revenue and industry revenue information is collated based on individual customer invoices or in relation to which the revenue is otherwise recognized.

#### Industry Segments:

Statement of income	For the year ended	
	March 31, 2022	March 31, 2021
<b>Segment revenue from external customers</b>		
RCM	24,859	16,956
BFSI	18,764	15,632
CMT	45,818	36,937
TTH	14,524	9,317
HCARE	1,288	836
<b>Total</b>	<b>105,253</b>	<b>79,678</b>
<b>Segment operating income</b>		
RCM	3,785	3,628
BFSI	3,639	3,309
CMT	11,276	8,453
TTH	3,122	905
HCARE	135	270
<b>Total</b>	<b>21,957</b>	<b>16,565</b>
Depreciation and amortization expense	(2,420)	(2,596)
<b>Profit for the year before finance expenses, other income and tax</b>	<b>19,537</b>	<b>13,969</b>
Finance costs	(502)	(504)
Other income	1,117	1,065
Interest income	426	166
Foreign exchange gain/ (loss)	1,528	286
<b>Net profit before taxes</b>	<b>22,106</b>	<b>14,982</b>
Income taxes	(5,578)	(3,879)
<b>Net profit after taxes</b>	<b>16,528</b>	<b>11,103</b>



Other information	For the year ended	
	March 31, 2022	March 31, 2021
Other significant non-cash expense (Allocable)		
RCM	(25)	32
BFSI	(55)	(11)
CMT	63	11
TTH	(38)	(18)
HCARE	2	-

**Geographical information**

Revenues	For the year ended	
	March 31, 2022	March 31, 2021
North America	77,800	61,767
Continental Europe	9,276	5,702
UK and Ireland	9,708	6,164
Asia Pacific	8,469	6,045
<b>Total</b>	<b>105,253</b>	<b>79,678</b>

**Note:**

Management believes that it is currently not practicable to provide disclosure of assets by geographical location, as meaningful segregation of the available information is onerous. Refer note 33 on financial risk management for information on revenue from major customers.

39. Total expenditure incurred on Corporate Social Responsibility (CSR) activities during the year ended March 31, 2022 is ₹ 171 (during the year ended March 31, 2021 is ₹ 80). This includes ₹ 77 towards provision for unspent amount pertaining to ongoing projects (during the year ended March 31, 2021: Nil). This amount will be transferred to 'Unspent CSR account' within 30 days from the end of the financial year, in accordance with the CSR rules. The Company's CSR activities primarily focuses on programs that benefit the differently abled, promote education and create sustainable livelihood opportunities. Refer Note 35 for details of related party transactions.

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
a) Amount required to be spent by the Company during the year	168	136
b) Amount of expenditure incurred on purpose other than construction/ acquisition of any asset	171	80
c) Excess spend of prior years set off during the year	-	56
d) Shortfall at the end of the year [(d)=(a)-(b)-(c)]	-	-
e) Total of previous years shortfall	-	-
f) Reason for shortfall	NA	NA

The contribution made by the Company to PM CARES Fund during FY 2019-20, post the set off of ₹ 56 considered in FY 2020-21, of ₹ 144 has not been considered as available for set off against the Company's CSR obligation for FY 2021-22, pending clarification requested from MCA as regards its eligibility. The Company has a further excess spend of ₹ 3 during FY 2021-22.

40. The Company, in an earlier year, had entered into a lease arrangement with a lessor for lease of a piece of land for a period of 30 years. Also, the Company had purchased two buildings constructed by the lessor on the above referred land vide a separate purchase agreement and capitalized in the books of account. During the financial year 2019-20, the Company received a communication from the lessor wherein it was mentioned that the lessor would like to convert the existing lease into a regular commercial lease agreement and cash flow would like to refund the residual value of the deposits and the value of the buildings under the present agreements and enter into a fresh agreement. During the previous year, the Company has completed the sale of the said buildings and termination of lease for the said land for a price equivalent to their written down values. Accordingly, the said buildings and the land have been derecognised. On entering into a regular commercial lease agreement, right-of-use asset and lease liability has been accounted in accordance with Ind AS 116 'Leases'. Accordingly, in the previous year, the improvements made to buildings earlier was reclassified to "leasehold improvements" (refer notes 3 and 5).



41. The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

#### 42. Dues to micro, small and medium enterprises

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount remaining unpaid to any supplier at the end of each accounting year;	95	43
The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

43. Pursuant to the approval by the Board of Directors on May 14, 2021, the Company entered into a Business Transfer Agreement on May 20, 2021 to acquire the digital transformation business undertaking, incubated and conducted under L&T-NxT ('NxT Digital Business') from Larsen & Toubro Limited (L&T) to enhance the Company's Cloud based IoT and AI capabilities for Industry 4.0, for a cash consideration of ₹ 1,980 (determined based on an independent valuation) and net working capital as on the closing date. The Company has consummated the above transfer of business on July 1, 2021.

The transaction between the Parent (L&T) and Subsidiary (the Company) has been recorded in the books of the Company in accordance with Appendix C – 'Business combinations of entities under common control' of Ind AS 103 – 'Business Combinations' using the pooling of interests method. Accordingly, the assets and liabilities transferred has been accounted at the carrying amounts as reflected in the books of L&T as at June 30, 2021 and no adjustments have been made to reflect the fair values, or recognize any new assets or liabilities. The difference between the purchase consideration of ₹ 2,065 and the carrying amounts of the net assets transferred of ₹ 209 has been adjusted to reserves. The financial information pertaining to the transfer of business is not material and accordingly, financial statements of the Company in respect of the prior periods has not been restated. Details of the transfer of business is as follows:

Particulars	Amount
Property, plant and equipment, net	60
Intangible assets	64
Net working capital	85
<b>Total net assets transferred</b>	<b>209</b>
Purchase consideration	2,065
<b>Excess of consideration over net assets transferred</b>	<b>1,856</b>
<b>Adjusted against:</b>	
a) Capital reserve	87
b) Retained earnings	1,769

44. Subsequent to the balance sheet date, the Company has agreed to acquire a 6.64% stake in COPE Healthcare Consulting Inc., USA ('COPE') pursuant to a Stock Purchase Agreement entered on April 4, 2022. COPE is a healthcare consulting, implementation and co-management leader in population health management, value-based care and payment, workforce development and data analytics.

45. Financial ratios

Ratio / Measure	Methodology	For the year ended	
		March 31, 2022	March 31, 2021
a) Current ratio	Current assets over current liabilities	2.76	2.87
b) Debt equity ratio	Debt over total shareholders' equity	0.10	0.12
c) Debt service coverage ratio <sup>1</sup>	EBIT over current debt	21.80	15.79
d) Return on equity %	PAT over total average equity	33.8%	29.7%
e) Trade receivables turnover ratio	Revenue from operations over average trade receivables	7.00	5.87
f) Trade payables turnover ratio	Adjusted expenses over average trade payables	4.92	4.52
g) Net capital turnover ratio	Revenue from operations over average working capital	3.07	3.25
h) Net profit %	Net profit over revenue	15.7%	13.9%
i) EBITDA %	EBITDA over revenue	20.9%	20.8%
j) EBIT %	EBIT over revenue	18.6%	17.5%
k) Return on capital employed %	PBIT over average capital employed	41.5%	36.1%
l) Return on investment %	Interest income, net gain on sale of investments and net fair value gain over weighted average investments	4.7%	5.5%

Notes:

EBIT - Earnings before interest and taxes.

PBIT - Profit before interest and taxes including other income.

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses refers to sub-contractor charges and other expenses net of non-cash expenses and donations.

Capital employed refers to total shareholders' equity and debt.

Investments includes non-current investment, current investment and margin-money deposit.

Explanation for variances exceeding 25%:

<sup>1</sup>Debt service coverage ratio improved on account of increase in EBIT during the year ended March 31, 2022.

46. The standalone financial statements are presented in ₹ in million. Those items which are required to be disclosed and which were not presented in the standalone financial statement due to rounding off to the nearest ₹ in million are given below as applicable:

Balance sheet items

Particulars	Amount in ₹	
	As at March 31, 2022	As at March 31, 2021
Nil (March 31, 2021: 12,640) equity shares in Worldcast Technologies Private Limited (refer note 7.1)	-	126,400
Cash on hand (refer note 10.3)	32,432	32,432
Share application money pending allotment	50,000	52,000
Book overdraft (refer note 15.2)	82,196	-

Related party transactions (refer note 35)

Particulars	Amount in ₹	
	For the year ended	
	March 31, 2022	March 31, 2021
Larsen & Toubro Limited - Purchase of computer	-	150,526
L&T Realty Developers Limited - Software services rendered	347,158	-
Music Broadcast Limited - Sales and marketing services received	-	385,280
Debashis Chatterjee - Dividend paid *	-	150,000

\* Comparative numbers are presented in respective notes.

## Related party transactions (refer note 35)

Amount in ₹

Particulars	As at March 31, 2022	As at March 31, 2021
Mindtree Software (Shanghai) Co., Ltd - Trade payables*	494,884	-
L&T Realty Developers Limited - Trade receivables	371,184	-
L&T Realty Developers Limited - Unbilled revenue	32,595	-
L&T Infrastructure Engineering Limited - Unbilled revenue	57,392	-
L&T Geostructure Private Limited - Unbilled revenue	229,658	-

\* Comparative numbers are presented in respective notes.

As per our report of even date attached  
For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
Firm's Registration No.: 0080725

For and on behalf of the Board of Directors of **Mindtree Limited**

**Monisha Parikh**  
*Partner*  
Membership No.: 47840

**Ramamurthi Shankar Raman**  
Non-Executive Director  
DIN: 00019798  
Place: Mumbai

**Debashis Chatterjee**  
CEO & Managing Director  
DIN: 00823966  
Place: Mumbai

**Vinit Ajit Teredesai**  
Chief Financial Officer  
Place: Mumbai

**Subhodh Shetty**  
Company Secretary  
M.No.: A13722  
Place: Mumbai

Place: Bengaluru  
Date : April 18, 2022

Date : April 18, 2022