MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(Rupees in millions, except share data)

	Note	As at June 30, 2016	As at March 31, 2016
Assets			
Goodwill	5b, 24, 25,26 & 27	4,771	4,815
Property, plant and equipment	4	4,235	4,383
Intangible assets	5a, 24, 25,26 & 27	2,461	2,632
Investments	6a	158	-
Available-for-sale financial assets	6b	-	62
Deferred tax assets		474	432
Non-current tax assets		1,029	934
Other non-current assets	9	1,252	1,212
Total non-current assets		**14,380**	**14,470**
Trade receivables	7	9,476	9,728
Other current assets	9	1,493	1,767
Unbilled revenues		2,205	2,132
Investments	6a	3,008	250
Available-for-sale financial assets	6b	-	2,016
Derivative assets		19	53
Cash and cash equivalents	8	1,755	2,332
Total current assets		**17,956**	**18,278**
Total assets		**32,336**	**32,748**
Equity			
Share capital		1,678	1,678
Share premium		1,381	1,376
Retained earnings		22,356	21,148
Other components of equity		(111)	(23)
Equity attributable to owners of the company		25,304	24,179
Total equity		**25,304**	**24,179**
Liabilities			
Loans and borrowings	10	14	14
Other non-current liabilities	12	604	832
Total non-current liabilities		**618**	**846**
Loans and borrowings	10	5	420
Trade payables and accrued expenses	11	1,523	1,889
Unearned revenue		385	344
Current tax liabilities		496	315
Derivative liabilities		3	1
Employee benefit obligations	13	804	672
Other current liabilities	12	2,537	3,332
Provisions	12	661	750
Total current liabilities		**6,414**	**7,723**
Total liabilities		**7,032**	**8,569**
Total equity and liabilities		**32,336**	**32,748**

The accompanying notes form an integral part of these consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

		(Rupees in millions, except share data) Three months ended June 30,	
	Note	**2016**	**2015**
Revenues		13,276	9,775
Cost of revenues	17	(9,128)	(6,726)
Gross profit		**4,148**	**3,049**
Selling, general and administrative expenses	17	(2,661)	(1,708)
Results from operating activities		**1,487**	**1,341**
Foreign exchange gain		88	202
Finance expenses		(51)	(9)
Finance and other income	19	106	182
Profit before tax		**1,630**	**1,716**
Income tax expense	15	(422)	(394)
Profit for the period		**1,208**	**1,322**
Attributable to:			
Owners of the Company		1,208	1,322
Non-controlling interests		-	-
		1,208	**1,322**
Earnings per equity share:	20		
Basic		7.20	7.90
Diluted		7.19	7.87
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		167,816,598	167,503,094
Diluted		168,117,038	168,070,230

The accompanying notes form an integral part of these consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	(Rupees in millions, except share data)	
	Three months ended June 30,	
	2016	2015
Profit for the period	1,208	1,322
Other comprehensive income, net of taxes		
Items that will not be reclassified to profit or loss		
- Defined benefit plan actuarial gains/ (losses)	3	38
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation difference relating to foreign operations	(106)	-
- Net change in fair value of cash flow hedges	-	-
- Net change in fair value of Investments	(3)	-
- Net change in fair value of available-for-sale financial assets	-	(45)
Total other comprehensive income, net of taxes	(106)	(7)
Total comprehensive income for the period	1,102	1,315
Attributable to:		
Owners of the Company	1,102	1,315
Non-controlling interests	-	-
	1,102	1,315

The accompanying notes form an integral part of these consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Other components of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
						Other reserves	Foreign Currency Translation Reserve			
Balance as at April 1, 2015	83,732,372	837	2,152	18,114	30	147	-	21,280	-	21,280
Issue of equity shares on exercise of options/ restricted shares	38,830	1	10	-	-	-	-	11	-	11
Profit for the period		-	-	1,322	-	-	-	1,322	-	1,322
Other comprehensive income		-	-	-	-	(7)	-	(7)	-	(7)
Compensation cost related to employee share based payment transaction		-	-	-	13	-	-	13	-	13
Cash dividend paid (including dividend tax thereon)		-	-	(1,009)	-	-	-	(1,009)	-	(1,009)
As at June 30, 2015	**83,771,202**	**838**	**2,162**	**18,427**	**43**	**140**		**21,610**	**-**	**21,610**
Balance as at April 1, 2015	83,732,372	837	2,152	18,114	30	147	-	21,280	-	21,280
Issue of equity shares on exercise of options/ restricted shares	160,716	2	63	-	-	-	-	65	-	65
Issue of Bonus shares	83,893,088	839	-	-	-	-	-	839	-	839
Amount utilised for bonus shares		-	(839)	-	-	-	-	(839)	-	(839)
Profit for the year		-	-	5,523	-	-	-	5,523	-	5,523
Other comprehensive income		-	-	-	-	(12)	-	(12)	-	(12)
Compensation cost related to employee share based payment transaction		-	-	-	29	-	-	29	-	29
Cash dividend paid (including dividend tax thereon)		-	-	(2,489)	-	-	-	(2,489)	-	(2,489)
Exchange differences on translation of foreign operations		-	-	-	-	-	(217)	(217)	-	(217)
As at March 31, 2016	**167,786,176**	**1,678**	**1,376**	**21,148**	**59**	**135**	**(217)**	**24,179**	**-**	**24,179**
Balance as at April 1, 2016	167,786,176	1,678	1,376	21,148	59	135	(217)	24,179	-	24,179
Issue of equity shares on exercise of options/ restricted shares	44,640	-	5	-	-	-	-	5	-	5
Profit for the period		-	-	1,208	-	-	-	1,208	-	1,208
Other comprehensive income		-	-	-	-	(1)	-	(1)	-	(1)
Compensation cost related to employee share based payment transaction		-	-	-	19	-	-	19	-	19
Exchange differences on translation of foreign operations		-	-	-	-	-	(106)	(106)	-	(106)
As at June 30, 2016	**167,830,816**	**1,678**	**1,381**	**22,356**	**78**	**134**	**(323)**	**25,304**	**-**	**25,304**

The accompanying notes form an integral part of these consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	(Rupees in millions, except share data)	
	Threee months ended June 30,	
	2016	**2015**
Cash flow from operating activities		
Profit for the period	1,208	1,322
Adjustments for :		
Depreciation & amortisation	321	279
Amortisation of intangibles	147	55
Amortization of stock compensation	19	35
Finance expenses	51	9
Income tax expense	422	394
Interest / dividend income	(27)	(114)
Loss/ (gain) on sale of property, plant and equipment	(2)	(1)
Gain on sale of Investments	(53)	-
Gain on sale of available-for-sale financial assets	-	(65)
Unrealised exchange difference on derivatives	36	8
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30	(36)
Changes in operating assets and liabilities		
Trade receivables	222	(315)
Unbilled revenues	(73)	(409)
Other assets	264	154
Trade payables and accrued expenses	(206)	85
Unearned revenues	41	(23)
Other liabilities	(233)	(595)
Net cash provided by operating activities before taxes	2,167	783
Income taxes paid	(380)	(291)
Net cash provided by operating activities	**1,787**	**492**
Cash flow from investing activities		
Expenditure on property, plant and equipment	(309)	(464)
Proceeds from sale of property, plant and equipment	17	1
Purchase of business/acquisition	(131)	(20)
Interest /dividend received from Investments	8	-
Interest /dividend received from available-for-sale financial assets	-	51
Inter-corporate deposits	-	-
Purchase of Investments	(2,824)	
Proceeds from sale of mutual funds	2,034	(3,490)
Redemption of available-for-sale financial assets	-	4,827
Net cash used in/provided by investing activities	**(1,205)**	**905**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	5	6
Finance expenses	(1)	(1)
Repayment of loans and borrowings	(5)	(4)
Proceeds from short-term borrowings	(415)	-
Dividends paid (including distribution tax)	(334)	(838)
Net cash used in financing activities	**(750)**	**(837)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(30)	36
Net (decrease)/increase in cash and cash equivalents	(198)	596
Cash and cash equivalents at the beginning of the period	1,937	3,610
Cash and cash equivalents at the end of the period (Note 8)	**1,739**	**4,206**

The accompanying notes form an integral part of these consolidated interim financial statements

Mindtree Limited and Subsidiaries
Notes to the consolidated financial statement
(Rupees in millions, except share and per share data, unless otherwise stated)

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shanghai) Co. Ltd, Discoverture Solutions L.L.C., Bluefin Solutions Limited, Bluefin Solutions Inc., Bluefin Solutions Sdn Bhd, Blouvin (Pty) Limited, Bluefin Solutions Pte Ltd, Relational Solutions, Inc. and Magnet 360, LLC, Reside LLC, M360 Investments, LLC and Numercial Truth, LLC, collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into four verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS), Travel and Hospitality (TH). The Group 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 and SAP services.

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, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, South Africa, UAE, Netherlands, Canada, Belgium, France, Ireland and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The consolidated financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on July 18, 2016.

2. Basis of preparation of financial statements

(a) Statement of compliance

The consolidated financial statements as at and for the quarter ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

The consolidated 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 IFRS:

i. Derivative financial instruments;
ii. Available-for-sale financial assets;
iii. Share based payment transactions;
iv. Defined benefit and other long-term employee benefits; and
v. Assets and liabilities related to business combinations.

(c) Functional and presentation currency

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest million except share and per share data.

(d) **Use of estimates and judgement**

The preparation of consolidated financial statements in conformity with IFRS 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 consolidated financial statements is included in the following notes:

i) Revenue recognition: The Group 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 labor costs and productivity efficiencies. Because 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.

ii) Income taxes: The Company’s two major tax jurisdictions are India and the U.S., 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 to Note 15.

iii) 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 period. Specifically, the Company estimates the uncollectability of accounts receivable by analyzing 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.

3. Significant accounting policies

(i) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries).

Control exists when the parent has power over an investee, exposure or rights to variable returns its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

(ii) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the “functional currency”). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of Mindtree Limited.

(iii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the 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 or 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.

(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 sales 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. Loans and borrowings and payable are recognised net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the group are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI and fair value through profit and loss account (FVTPL), non-derivative financial liabilities at amortised 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 amortised cost

A financial asset shall be measured at amortised 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 on the principal amount outstanding (SPPI)

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 method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, 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 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 period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the group recognises interest income, impairment losses & reversals and foreign exchange gain loss in statement of profit and loss account. 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 expected interest rate (EIR) model.

(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 group may make an irrevocable election to present subsequent changes in the fair value in OCI. The group makes such election on an instrument-by-instrument basis.

If the group decides to classify an equity instrument as at 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 group 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 amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Group has not designated any financial asset as FVTPL.

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

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost: Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest 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 or loss

C) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward 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 cost are recognized in statement of income as cost.

(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 income. 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 income upon the occurrence of the related forecasted transaction.

(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 or loss and reported within foreign exchange gains/(losses), net under results from operating activities.

(v) Property, plant and equipment

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

b) Depreciation: The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	**Useful life**
Buildings	25 to 30 years
Computer systems	2 to 3 years
Furniture, fixtures and equipment	3 to 7 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 or loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit or loss.

Deposits and 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 work- in-progress.

(vi) Business combination, Goodwill and Intangible assets

Business combinations 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.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a) 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, a bargain purchase gain is recognized immediately in the statements of profit or loss.

b) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual 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 intangibles are as follows:

Category	**Useful life**
Intellectual property	5 years
Computer software	2 to 3 years
Business alliance relationships	4 years
Customer relationships	3 to 5 years
Vendor relationship	5 to 10 years
Trade name	10 years
Technology	10 years
Non-compete agreement	5 years

(vii) Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit or loss over the lease term.

(viii) Impairment

a) Financial assets

In accordance with IFRS 9, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the group 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 group 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 period, 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 group 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 Group 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 every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

Financial assets measured at amortised 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. Untill the asset meets write off criteria, the group does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets
The Group 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 Group estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and the recoverable. Losses are recognised in statement of profit or loss and reflected in an allowance account. When the Group 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 or 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").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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 or loss and is not reversed in the subsequent period.

(ix) Employee Benefit

The Group 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 Group'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 period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.
The Group has the following employee benefit plans:

a) Social security plans

Employees Contributions payable to the social security plans, which are a defined contribution scheme, are charged to the statement of profit or 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. The Group has applied IAS 19 (as revised in June 2011) Employee Benefits ('IAS 19R') and the related consequential amendments effective April 1, 2013. As a result, all actuarial gains or losses are immediately recognized in other comprehensive income and permanently excluded from profit or loss. 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.

c) Compensated absences

The employees of the Group 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 Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the statement of profit or loss.

(x) Share based payment transaction

Employees of the Group 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 or 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 Group's estimate of equity instruments that will eventually vest.

The fair value of the amount payable to the employees in respect of phantom stock, 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 SARs. Any changes in the liability are recognized in statement of profit or loss.

(xi) Provisions

Provisions are recognized when the Group 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 period, 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 Group 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.

(xii) Revenue

The Group derives revenue primarily from software development and related services.
The Group recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. 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 has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Group 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 or loss in the period in which such losses become probable based on the current contract estimates.

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

'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'.

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. 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 Group has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18

The Group accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

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

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

(xiii) 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 or loss, using the effective interest method.

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

Finance expenses consist of interest expense on loans and borrowings and impairment losses recognized on financial assets (other than trade receivables). Borrowing costs are recognized in the statement of profit or loss using the effective interest method.

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.

(xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit or 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. 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 period. The Group 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 are 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.

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 period 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.

(xv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding 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.

(xvi) Government grants

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

(i) the Group 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 or 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. Where the Group 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 fair value.

New standards and interpretations adopted

IFRS 9 Financial Instruments:

The group has elected to early adopt IFRS 9. IFRS 9 has introduced new requirements for classification, measurement and derecognition of financial assets, liabilities and hedge accounting. The impairment model of financial instruments in IFRS 9 is based on the premise of providing for expected losses.

The effect of change in the measurement of financial instruments on the Company’s financial position and results is immaterial in all the periods presented and therefore the change has not been applied retrospectively. Refer 3(iv) for details on financial instruments.

New standards and interpretations not yet adopted

a) **IFRS 15 Revenue from Contracts with Customers**: In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions - and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The company is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the consolidated interim financial statements.

b) **IFRS 16 Leases:** On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

(Rupees in millions, except share and per share data, unless otherwise stated)

4. Property, plant and equipment

Particulars	Land	Building	Computer systems	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2015	97	2,839	2,041	3,535	29	8,541
Additions	-	5	115	48	-	168
Disposal	-	-	25	19	-	44
Adjustments	-	-	-	-	-	-
Disposal/Adjustments	-	-	25	19	-	44
Acquisition through business combination	-	-	-	-	-	-
As at June 30, 2015	97	2,844	2,131	3,564	29	8,665
Accumulated depreciation/impairment:						
As at April 1, 2015	7	497	1,397	2,338	5	4,244
Depreciation	-	54	131	92	2	279
Disposal	-	-	24	19	-	43
Adjustments	-	-	-	-	-	-
Disposal/Adjustments	-	-	24	19	-	43
As at June 30, 2015	7	551	1,504	2,411	7	4,480
Capital work-in-progress						555
Net carrying value as at June 30, 2015	**90**	**2,293**	**627**	**1,153**	**22**	**4,740**
Gross carrying value:						
As at April 1, 2015	97	2,839	2,041	3,535	29	8,541
Additions	-	417	644	586	-	1,647
Disposal/Adjustments	13	993	69	159	-	1,234
Translation Adjustment Loss/(Gain)	-	-	4	1	-	5
Acquisition through business combination	-	-	133	86	-	219
As at March 31, 2016	84	2,263	2,745	4,047	29	9,168
Accumulated depreciation/impairment:						
As at April 1, 2015	7	497	1,397	2,338	5	4,244
Depreciation	1	216	567	419	9	1,212
Disposal/Adjustments	1	360	69	158	-	588
Translation Adjustment Loss/(Gain)	-	-	4	2	-	6
Acquisition through business combination	-	-	99	56	-	155
As at March 31, 2016	7	353	1,990	2,653	14	5,017
Capital work-in-progress						232
Net carrying value as at March 31, 2016	**77**	**1,910**	**755**	**1,394**	**15**	**4,383**
Gross carrying value:						
As at April 1, 2016	84	2,263	2,745	4,047	29	9,168
Additions	-	3	61	11	-	75
Disposal/Adjustments	-	-	22	1	-	23
Translation Adjustment Loss/(Gain)	-	-	4	-	-	4
Acquisition through business combination	-	-	-	-	-	-
As at June 30, 2016	84	2,266	2,780	4,057	29	9,216
Accumulated depreciation/impairment:						
As at April 1, 2016	7	353	1,990	2,653	14	5,017
Depreciation	-	48	150	121	2	321
Disposal/adjustments	-	-	7	1	-	8
Translation Adjustment Loss/(Gain)	-	-	3	1	-	4
Acquisition through business combination	-	-	-	-	-	-
As at June 30, 2016	7	401	2,130	2,772	16	5,326
Capital work-in-progress						345
Net carrying value as at June 30, 2016	**77**	**1,865**	**650**	**1,285**	**13**	**4,235**

(Rupees in millions, except share and per share data, unless otherwise stated)

The depreciation expense for the period ended June 30, 2016 and June 30, 2015 is included in the following line items in the statement of profit or loss.

Particulars	**Three months ended June 30,**	
	2016	**2015**
Cost of revenues	281	253
Selling, general and administrative expenses	40	26
Total	**321**	**279**

Mindtree Limited and Subsidiaries
Notes to the consolidated financial statement
(Rupees in millions, except share and per share data, unless otherwise stated)

5. Intangible assets and Goodwill

a. Intangible assets

Particulars	Intellectual property	Computer software	Business Alliance Relationships	Customer Relationships	Non compete agreement	Vendor Relationship	Tradename	Technology	Total
Gross carrying value:									
As at April 1, 2015	67	922	71	111	24	-	-	-	1,195
Additions	-	27	-	-	-	-	-	-	27
Amortisation	-	-	-	-	-				-
Disposal/Adjustments	-	4	-	-	-				4
As at June 30, 2015	67	945	71	111	24	-	-	-	1,218
Accumulated amortisation/impairment:									
As at April 1, 2015	65	804	3	6	1	-	-	-	879
Amortisation	1	39	5	9	1	-	-	-	55
Disposal/Adjustments	-	4	-	-	-				4
As at June 30, 2015	66	839	8	15	2	-	-	-	930
Net carrying value as at June 30, 2015	**1**	**106**	**63**	**96**	**22**	-	-	-	**288**
Gross carrying value:									
As at April 1, 2015	67	922	71	111	24	-	-	-	1,195
Additions	-	90	-	-	-	-	-	-	90
Disposal/Adjustments	-	5	-	-	-	-	-	-	5
Translation Adjustment Loss/(Gain)	-	-	-	44	-	11	9	(11)	53
Acquisition through business combination	-	16	-	1,346	30	739	327	257	2,715
As at March 31, 2016	67	1,023	71	1,413	54	728	318	268	3,942
Accumulated amortisation/impairment:									
As at April 1, 2015	65	804	3	6	1	-	-	-	879
Amortisation	1	118	18	205	6	50	19	19	436
Disposal/Adjustments	-	5	-	-	-	-	-	-	5
Translation Adjustment Loss/(Gain)	-	-	-	7	-	2	1	(1)	9
Acquisition through business combination	-	9	-	-	-	-	-	-	9
As at March 31, 2016	66	926	21	204	7	48	**18**	**20**	1,310
Net carrying value as at March 31, 2016	**1**	**97**	**50**	**1,209**	**47**	**680**	**300**	**248**	**2,632**
Gross carrying value:									
As at April 1, 2016	67	1,023	71	1,413	54	728	318	268	3,942
Additions	-	5	-	-	-	-	-	-	5
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	38	(1)	2	7	(5)	41
Acquisition through business combination	-	-	-	-	-	-	-	-	-
As at June 30, 2016	67	1,028	71	1,375	55	726	311	273	3,906
Accumulated amortisation/impairment:									
As at April 1, 2016	66	926	21	204	7	48	18	20	1,310
Amortisation	-	23	4	78	3	25	8	6	147
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	10	-	2	1	(1)	12
Acquisition through business combination	-	-	-	-	-	-	-	-	-
As at June 30, 2016	66	949	25	272	10	71	25	27	1,445
Net carrying value as at June 30, 2016	**1**	**79**	**46**	**1,103**	**45**	**655**	**286**	**246**	**2,461**

(Rupees in millions, except share and per share data, unless otherwise stated)

The amortisation expense for the period ended June 30, 2016 and June 30, 2015 is included in the following line items in the statement of profit or loss.

Particulars	**Three months ended June 30,**	
	2016	**2015**
Cost of revenues	133	50
Selling, general and administrative expenses	14	5
Total	**147**	**55**

b. Goodwill

Particulars	**As at June 30, 2016**	**As at March 31, 2016**
Balance at the beginning of the period	4,815	740
Translation Adjustment Loss/(Gain)	44	204
Acquisition through business combination	-	4,279
Balance at the end of the period	**4,771**	**4,815**

(Rupees in millions, except share and per share data, unless otherwise stated)

6. Investments and Available-for-sale financial assets

Investments in liquid and short term mutual fund units, non-convertible bonds, unlisted equity securities and preference shares are classified as Investments.

Cost and fair value of the above are as follows:

a. Investments

As at June 2016

Particulars	As at June 30, 2016
Non-current	
Investment in non-convertible bonds, unlisted equity securities and preference shares	
Cost	159
Gross unrealised holding gains	(1)
Fair value	158
Current	
Investment in non-convertible bonds, liquid and short-term mutual funds	
Cost	2,841
Gross unrealised holding gains	167
Fair value	3,008
Total Investments	**3,166**

b. Available-for-sale financial assets

As at March 2016

Particulars	As at March 31, 2016
Non-current	
Investment in non-convertible bonds, unlisted equity securities and preference shares	
Cost	59
Gross unrealised holding gains	3
Fair value	62
Current	
Investment in non-convertible bonds, liquid and short-term mutual funds	
Cost	1,855
Gross unrealised holding gains	164
Gross unrealised holding (losses)	(3)
Fair value	2,016
Total available-for-sale financial assets	**2,078**

(Rupees in millions, except share and per share data, unless otherwise stated)

7. Trade receivables

Particulars	As at June 30, 2016	As at March 31, 2016
Trade receivables	9,603	9,853
Allowance for doubtful trade receivable	(127)	(125)
Total	**9,476**	**9,728**

The Group 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 every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

	1-90 days past due	91-180 days past due	181-360 days past due	More than 360 days past due*
Default rate	0.2%	3%	25%	40%

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

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at June 30, 2016	As at March 31, 2016
Cash balances	-	1
Current and time deposits with banks #	1,755	2,331
Cash and cash equivalents in the interim statement of financial position	**1,755**	**2,332**
Book overdrafts used for cash management purposes	(16)	(395)
Cash and cash equivalents in the statement of cash flow	**1,739**	**1,937**

#Balance with banks amounting to Rs 8 and Rs 8 as of June 30, 2016 and June 30, 2015 includes unpaid dividends.

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

(Rupees in millions, except share and per share data, unless otherwise stated)

9. Other assets

Particulars	As at June 30, 2016	As at March 31, 2016
Non-current		
Capital advances	45	42
Security deposits	661	655
Prepaid expenses	160	171
Service tax credit receivable	176	138
Others	210	206
	1,252	**1,212**
Current		
Prepaid expenses	733	820
Advance to employees	372	417
Advance to suppliers	49	94
Interest accrued and not due	25	19
Deposits	16	38
Others	298	379
	1,493	**1,767**
Total	**2,745**	**2,979**

10. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at June 30, 2016	As at March 31, 2016
Non-current		
Unsecured long-term loan and borrowings	14	14
	14	**14**
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	-	415
	5	**420**
Total	**19**	**434**

Unsecured long term borrowings represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under "Development of Intelligent Video Surveillance Server (IVSS) system".

The Non-current loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments commencing from June 2011. The project implementation period was a moratorium period ending May 2011 and the Company was not liable for repayment of installments and interest during the said period. However, the interest accrued during the period is amortized and is payable in 3 equal annual installments commencing from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

(Rupees in millions, except share and per share data, unless otherwise stated)

11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at June 30, 2016	As at March 31, 2016
Trade payables	365	734
Accrued expenses	1,158	1,155
Total	**1,523**	**1,889**

12. Other liabilities and provisions

Particulars	As at June 30, 2016	As at March 31, 2016
Non-current		
Others	604	832
	604	**832**
Current		
Book Overdraft	16	395
Advances from customers	22	44
Dividend payable	-	336
Employee and other liabilities	1,183	1,192
Statutory dues payable	437	469
Other liabilities	879	896
	2,537	**3,332**
Total	**3,141**	**4,164**
Current		
Provisions		
Provision for discount	560	667
Provision for post contract support services	7	7
Others	94	76
Total	**661**	**750**

(Rupees in millions, except share and per share data, unless otherwise stated)

Current

Provision for discount

Particulars	Three months ended June 30, 2016	Three months ended June 30, 2015	For the year ended March 31, 2016
Balance as at beginning of the period	668	367	367
Provisions made during the period	106	106	490
Utilisations during the period	(203)	(39)	(172)
Released during the period	(11)	(2)	(18)
Provision as at the end of the period	560	432	667

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 revenues and are expected to be utilized within a period of 1 year

Particulars	Three months ended June 30, 2016	Three months ended June 30, 2015	For the year ended March 31, 2016
Balance as at beginning of the period	7	5	5
Provision made during the period	-	1	2
Released during the period	-	-	-
Provision as at the end of the period	7	6	7

(Rupees in millions, except share and per share data, unless otherwise stated)

Provision for disputed dues

Particulars	Three months ended June 30, 2016	Three months ended June 30, 2015	For the year ended March 31, 2016
Balance as at beginning of the period	76	68	68
Provisions made during the period	2	3	8
Released during the period	-	-	-
Provision as at the end of the period	78	71	76

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	Three months ended June 30, 2016	Three months ended June 30, 2015	For the year ended March 31, 2016
Balance as at beginning of the period	-	-	-
Provisions made during the period	16	-	-
Released during the period	-	-	-
Provision as at the end of the period	16	-	-

13. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at June 30, 2016	As at March 31, 2016
Gratuity	159	134
Compensated absences	645	538
Total	**804**	**672**

(Rupees in millions, except share and per share data, unless otherwise stated)

14. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at June 30, 2016 and March 31, 2016 is as follows:

As at June 30, 2016

Particulars	Financial assets/ liabilities at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets at fair value through OCI	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade Receivables	-	9,476	-	-	9,476	9,476
Unbilled Revenue	-	2,205	-	-	2,205	2,205
Investments	2,428	730	8	-	3,166	3,166
Cash and cash equivalents	-	1,755	-	-	1,755	1,755
Derivative assets	19	-	-	-	19	19
Other assets	-	1,109	-	-	1,109	1,109
Total assets	**2,447**	**15,275**	**8**	**-**	**17,730**	**17,730**
Liabilities						
Loans and borrowings	-	-	-	19	19	19
Trade payables and accrued expenses	-	-	-	1,523	1,523	1,523
Derivative Liabilities	3	-	-	-	3	3
Other liabilities	1,351	-	-	1,206	2,557	2,557
Total liabilities	**1,354**	**-**	**-**	**2,748**	**4,102**	**4,102**

As at March 31, 2016

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total Carrying amount	Fair value
Assets						
Trade Receivables	-	9,728	-	-	9,728	9,728
Unbilled Revenue	-	2,132	-	-	2,132	2,132
Available-for-sale financial assets	-	-	2,078	-	2,078	2,078
Cash and cash equivalents	-	2,332	-	-	2,332	2,332
Derivative assets	53	-	-	-	53	53
Other assets	-	1,710	-	-	1,710	1,710
Total assets	**53**	**15,902**	**2,078**	**-**	**18,033**	**18,033**
Liabilities						
Loans and borrowings	-	-	-	829	829	829
Trade payables and accrued expenses	-	-	-	1,889	1,889	1,889
Derivative Liabilities	1	-	-	-	1	1
Other liabilities	1,432	-	-	1,352	2,784	2,784
Total liabilities	**1,433**	**-**	**-**	**4,070**	**5,503**	**5,503**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current 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 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 Group 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, loans from banks and other financial liabilities, as well as other non-current financial liabilities 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 Group’s interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non- performance risk as at 30 June 2016 was assessed to be insignificant.

iv) The fair values of the unquoted equity 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 fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

vi) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward 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 June 30, 2016 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. 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.

(Rupees in millions, except share and per share data, unless otherwise stated)

Fair Value

The fair value of cash and cash equivalent, trade receivables, unbilled revenue, trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to short term nature of these instruments.

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 fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 and March 31, 2016:

As at June 30, 2016

Particulars	As of June 30, 2016	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	2,428	2,428		
Investments in unlisted equity securities and preference shares	8			8
Derivative financial instruments-gain on outstanding foreign exchange forward and option contracts	19		19	
Liabilities				
Derivative financial instruments-loss on outstanding foreign exchange forward and option contracts	3		3	

As at March 31, 2016

Particulars	As of March 31, 2016	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	2,016	1,916	100	
Investments in non-covertible bonds, unlisted equity securities and preference shares	62		50	12
Derivative financial instruments-gain on outstanding foreign exchange forward and option contracts	53		53	
Liabilities				
Derivative financial instruments-loss on outstanding foreign exchange forward and option	1		1	

There have been no transfers between level 1, level 2 and level 3 for the period ended June 30, 2016.

(Rupees in millions, except share and per share data, unless otherwise stated)

A reconciliation of changes in the fair value measurement of investments in unlisted securities in level 3 of the fair value hierarchy is given below:

Particulars	As at June 30, 2016	As at March 31, 2016
Balance at the beginning of the period	12	12
Remeasurement recognised in OCI	(4)	-
Balance at the end of the period	8	12

Income and interest expense for financial assets or financial liabilities that are not at fair value through statement of profit or loss is as follows:

Particulars	Three months ended June 30,	
	2016	2015
Income from Investments in mutual funds	53	105
Interest income on financial asset at amortized cost	25	74
Interest expense	(51)	(9)

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.

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

Particulars	As at June 30, 2016	As at March 31, 2016
Non-designated derivative instruments (Sell)		
In US $ millions	36	31
In Euro millions	3	3
In GBP millions	2	2

As at June 30, 2016 and June 30, 2015 there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

The foreign exchange forward and option contracts mature anywhere between 0-1 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

(Rupees in millions, except share and per share data, unless otherwise stated)

Particulars	As at June 30, 2016	As at March 31, 2016
Non-designated derivative instruments (Sell)		
Not later than 1 month		
in USD millions	13	11
in EUR millions	1	2
in GBP millions	-	1
Later than 1 month but not later 3 months		
in USD millions	23	19
in EUR millions	2	2
in GBP millions	1	1

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade and other receivables

The Group'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.

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

Particulars	Three months ended June 30, 2016	2015
Revenue from top customer	1,742	1,057
Revenue from top 5 customer	3,936	3,217

One customer accounted for more than 10% of the revenue during the period ended June 30, 2016 and June 30, 2015; however none of the customer accounted for more than 10% of the receivables for the period ended June 30, 2016 and June 30, 2015.

(Rupees in millions, except share and per share data, unless otherwise stated)

Investments

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group 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 Group has unutilized credit limits with banks.
The Group'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.

The working capital position of the Group is given below:

Particulars	As at June 30, 2016	As at March 31, 2016
Cash and cash equivalents	1,755	2,332
Investments in mutual funds (quoted)	2,428	1,916
Investments in non-convertible bonds	100	100
Interest bearing deposits with corporates	480	250
Total	**4,763**	**4,598**

(Rupees in millions, except share and per share data, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities as at June 30, 2016 and March 31, 2016:

Particulars	As at June 30, 2016		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	5	5	9
Trade payables and accrued expenses	1,523	-	-
Derivative Liabilities	3	-	-
Other liabilities	2,029	528	-

Particulars	As at March 31, 2016		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	420	5	9
Trade payables and accrued expenses	1,889	-	-
Derivative Liabilities	1	-	-
Other liabilities	2,037	555	192

Foreign Currency risk

The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (in U.S. dollars). A significant portion of the Group'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 Group'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 Group has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Group uses derivative financial instruments, such as foreign exchange forward 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 Group has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

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

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

a) an approximately Rs 43 decrease and Rs 12 increase in the Group's net profit as at June 30, 2016;
b) an approximately Rs 25 decrease and Rs 25 increase in the Group's net profit as at June 30, 2015;

(Rupees in millions, except share and per share data, unless otherwise stated)

The following table presents foreign currency risk from non-derivative financial instruments as of June 30, 2016 and March 31, 2016.

Amount in Rs.

As at June 30, 2016

Particulars	US $	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	6,345	768	1,432	675	9,220
Unbilled Revenue	1,321	111	601	103	2,136
Cash and cash equivalents	798	220	270	310	1,598
Other assets	137	19	33	15	204
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	570	42	262	72	946
Other liabilities	1,152	32	706	36	1,926
Net assets/liabilities	**6,879**	**1,044**	**1,368**	**995**	**10,286**

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

As at March 31, 2016

Particulars	US $	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	6,704	875	1,320	672	9,571
Unbilled Revenue	1,385	95	542	58	2,080
Cash and cash equivalents	1,270	70	231	341	1,912
Other assets	148	18	39	25	230
Liabilities					
Loans and borrowings	15	-	-	-	15
Trade payables and accrued expenses	387	1	113	2	503
Other liabilities	1,385	38	912	76	2,411
Net assets/liabilities	**7,720**	**1,019**	**1,107**	**1,018**	**10,864**

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

(Rupees in millions, except share and per share data, unless otherwise stated)

For the period ended June 30, 2016 and 2015 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.6% and 0.80% respectively.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

For details of the Group's borrowings and investments, refer to note 6 and 10 above.

15. Income tax expense

Income tax expense in the statement of profit or loss consists of:

Particulars	Three months ended June 30,	
	2016	**2015**
Current taxes		
Domestic	410	370
Foreign	62	60
Total	**472**	**430**
Deferred taxes		
Domestic	(48)	(30)
Foreign	(2)	(6)
Total	**(50)**	**(36)**
Grand total	**422**	**394**

Income tax expense has been allocated as follows:

Particulars	Three months ended June 30,	
	2016	**2015**
Income tax expense as per the statement of profit or loss	422	394
Income tax included in other comprehensive income on:		
- unrealised gains on investment in mutual fund	27	(45)
- actuarial gains/ (losses) on defined benefit plans	1	38
	28	(7)
Total	**450**	**387**

(Rupees in millions, except share and per share data, unless otherwise stated)

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	**Three months ended June 30, 2016**	**2015**
Profit before tax	1,630	1,716
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	564	594
Effect of:		
Income exempt from tax	(326)	(265)
Temporary differences reversed during the tax holiday period	11	5
Expenses that are not deductible in determining taxable profit	25	4
Diffferent tax rates of branches operating in other jurisdicti	132	55
Others	16	1
Total income tax expense	**422**	**394**

The tax rates under Indian Income Tax Act, for the period ended June 30, 2016 and June 30, 2015 is 34.61% and 34.61% respectively.

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

Particulars	**As at June 30, 2016**	**As at March 31, 2016**
Unused tax losses (long term capital loss) which expire in		
- FY 2016-17	2	2
- FY 2018-19	163	163
- FY 2019-20	34	34
- FY 2021-22	48	48
- FY 2022-23	28	28
Unused tax losses of foreign jurisdiction	155	152

(Rupees in millions, except share and per share data, unless otherwise stated)

The components of deferred tax assets are as follows:

Particulars	As at June 30, 2016	As at March 31, 2016
Property, plant and equipment	273	254
Allowances for doubtful accounts receivable	26	22
Compensated absences	226	203
Others	129	123
	654	602
Minimum alternate tax	189	198
Investments	(58)	(31)
Defined benefit plans	1	-
Intangibles	(312)	(337)
Total deferred tax assets (net)	**474**	**432**

The Group 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.

A substantial portion of the profits of the Group'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 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 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. 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 Group is also subject to tax on income attributable to its permanent establishments in the foreign jurisdictions due to operation of its foreign branches and subsidiaries.

16. Equity

a) *Share capital and share premium*

The company has only one class of equity shares. The authorized share capital of the Company is 800,000,000 equity shares of Rs 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of the par value is classified as share premium.

The Issued, subscribed and paid-up capital of the Company is 167,829,560 equity shares of Rs 10 each amounting to Rs 1,678.

The Company has only one class of shares referred to as equity shares having a par value of Rs 10.

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

The Company declares and pays dividends in Indian rupees. A final dividend, including tax thereon, on common stock is recorded as a liability on the date of approval by the shareholders.

An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

Indian law mandates that any dividend be declared out of accumulated distributable profits only. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2016 and March 31, 2015 was Rs 23 and Rs 17 respectively.

The Board of Directors at its meeting held on April 18, 2016 have recommended a final dividend of 30% (Rs 3 per equity share (after bonus issue) of par value Rs 10 each). The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 19, 2016, and if approved, would result in a cash outflow of approximately Rs 504, inclusive of corporate dividend tax of Rs 103

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 all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Rupees in millions, except share and per share data, unless otherwise stated)

b) Retained earnings

Retained earnings comprises of the Group's prior years' undistributed earnings after taxes. A portion of these earnings amounting to Rs 87 is not freely available for distribution.

c) Share based payment reserve

The share based payment reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in share based payment reserve are transferred to share premium upon exercise of stock options by employees.

d) Other reserve

Changes in the fair value of available-for-sale financial assets is recognized in other comprehensive income (net of taxes), and presented within equity in other reserve.

e) *Foreign currency translation reserve*

Exchange difference relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Capital Management

The Group'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 Group monitors the return on capital as well as the level of dividends on its equity shares. The Group'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 June 30, 2016**	**As at March 31, 2016**
Total equity attributable to the equity share holders of the company	25,304	24,179
As percentage of total capital	100%	97%
Current loans and borrowings	5	420
Non-current loans and borrowings	14	14
Total loans and borrowings	19	434
As a percentage of total capital	0%	2%
Total capital (loans and borrowings and equity)	**25,323**	**24,613**

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

(Rupees in millions, except share and per share data, unless otherwise stated)

17. Expenses by nature

Particulars	**Three months ended June 30,**	
	2016	**2015**
Employee benefits	8,299	5,723
Depreciation and amortisation	468	334
Recruitment, staff welfare and training expenses	178	120
Travel and conveyance	688	638
Communication expenses	180	131
Sub-contractor charges/Outsourced technical services/software purchases	845	618
Consumables/maintenance and repairs	288	218
Post contract support services	-	1
Power and fuel	91	80
Lease rentals/charges	243	199
Printing and stationery	9	6
Advertisement	8	5
Bank charges	4	3
Rates, taxes and insurance	62	44
Marketing expenses	138	81
Legal and professional expenses	128	97
Loss from sale of property, plant and equipment	(2)	(1)
Provision/write off of bad and doubtful trade receivables	2	20
Others	160	117
Total cost of revenues, selling, general and administrative expenses	**11,789**	**8,434**

18. Employee benefits

Particulars	**Three months ended June 30,**	
	2016	**2015**
Salary and allowances	7,466	5,185
Defined benefit plan - Gratuity cost	24	22
Contribution to provident and other funds	790	481
Share based compensation	19	35
Total	**8,299**	**5,723**

(Rupees in millions, except share and per share data, unless otherwise stated)

The employee benefit cost is recognized in the following line items in the statement of profit or loss:

Particulars	**Three months ended June 30,**	
	2016	**2015**
Cost of revenues	6,894	4,939
Selling, general and administrative expenses	1,405	784
Total	**8,299**	**5,723**

Defined benefit plans

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

Particulars	**Three months ended June,**	
	2016	**2015**
Gratuity cost		
Service cost	24	22
Net interest on net defined liability/ (asset)	2	-
Net gratuity cost	**22**	**22**
Assumptions		
Interest rate	7.70%	7.80%
Salary increase	5.00%	6.00%

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.

(Rupees in millions, except share and per share data, unless otherwise stated)

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

Particulars	**As at June 30, 2016**	**As at March 31, 2016**
Change in projected benefit obligations		
Obligations at the beginning of the period	517	411
Service cost	22	91
Interest cost	10	29
Benefits settled	(19)	(50)
Actuarial (gain)/loss - Experience	(9)	60
Actuarial (gain)/loss – demographic assumptions	-	-
Actuarial (gain)/loss – financial assumptions	5	(24)
Obligations at end of the period	**526**	**517**
Change in plan assets		
Plan assets at the beginning of the period, at fair value	376	396
Interest income on plan assets	7	29
Re-measurement - actuarial gain/(loss)	-	(2)
Contributions	1	3
Benefits settled	(17)	(50)
Plan assets at the end of the period, at fair value	**367**	**376**

Historical Information: -

Particulars	**As at June 30, 2016**	**2016**	**2015**	**2014**	**2013**
Present value of defined benefit obligation	(526)	(517)	(411)	(365)	(324)
Fair Value of Plan	367	376	396	363	313
Asset/ (liability) recognized	**(159)**	**(141)**	**(15)**	**(2)**	**(11)**

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 June 30, 2016**	**As at March 31, 2016**
Experience adjustment on plan liabilities	(9)	55
Experience adjustment on plan assets	(1)	2

(Rupees in millions, except share and per share data, unless otherwise stated)

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:

	As at June 30, 2016		As at March 31, 2016	
	Defined Benefit Obligation		Defined Benefit Obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(26)	29	(26)	29
Future salary growth (1% movement)	28	(26)	28	(26)

Maturity profile of defined benefit obligation

Particulars	As at June 30, 2016	As at March 31, 2016
Within 1 year	77	77
1-2 year	82	86
2-3 year	92	95
3-4 year	101	101
4-5 year	119	117
5-10 year	597	603

The Group expects to contribute Rs 159 to its defined benefit plans during the next fiscal year.

As at June 30, 2016 and June 30, 2015 100% of the plan assets were invested in insurer managed funds.

The Group 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.

19. Finance and other income

Particulars	Three months ended June 30, 2016	2015
Interest income on financial assets at amortised cost	25	74
Net gain on sale of investments in mutual funds	15	65
Gain on sale of property, plant and equipment	-	1
Dividend income from investments in mutual funds	2	40
Net gain on financial assets designated at fair value through profit and loss	38	-
Others	26	2
Total	**106**	**182**

(Rupees in millions, except share and per share data, unless otherwise stated)

20. Earnings per equity share

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

Particulars	**Period ended June 30, 2016**		**Period ended June 30, 2015**	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	167,816,598	167,816,598	167,503,094	167,503,094
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	300,440	-	567,136
Weighted average number of equity shares for calculation of earnings per share	167,816,598	168,117,038	167,503,094	168,070,230

21. Employee stock incentive plans

The Group instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors (Board). The Group has various stock options programs, restricted stock purchase plan and a phantom stock option plan. The terms and conditions of each program is highlighted below.

<u>Program 1 [ESOP 1999]</u>
This plan was terminated on September 30, 2001 and there are no options outstanding as at the reporting date.

<u>Program 2 [ESOP 2001]</u>
Options under this program have been granted to employees at an exercise price of Rs 50 per option (Rs 12.5 per option post bonus issue). All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or after October 1, 2001 or have been issued employment offer letters on or after August 8, 2001 or options granted to existing employees with grant date on or after October 1, 2001. This plan was terminated on April 30, 2006. The contractual life of each option is 11 years after the date of grant.

(Rupees in millions, except share and per share data, unless otherwise stated)

Particulars	Three months ended June 30, 2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	18,360	12.50	23,072	25.00
Granted during the period	-	-	-	-
Exercised during the period	4,640	12.50	2,216	25.00
Lapsed during the period	-	-	904	25.00
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**13,720**	**12.50**	**19,952**	**25.00**
Options vested and exercisable, end of the period	13,720	12.50	19,952	25.00

*Pre bonus issue. Refer note 31

Program 3 [ESOP 2006 (a)]

This plan was terminated on October 25, 2006 and there are no options outstanding as at the reporting dates.

Program 4 [ESOP 2006 (b)]

Options under this program are granted to employees at an exercise price periodically determined by the Nomination and remuneration Committee. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Particulars	Three months ended June 30, 2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	-	-	74,000	265.07
Granted during the period	-	-	-	-
Exercised during the period	-	-	35,650	270.52
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	**38,350**	**270.52**
Options vested and exercisable, end of the period	-	-	38,350	270.52

*Pre bonus issue. Refer note 31

Program 5 [ESOP 2008A]

Options under this program are granted to employees of erstwhile Aztecsoft Limited as per swap ratio of 2:11 as specified in the merger scheme. Each new option is entitled to 1 equity share of Rs 10 each.

(Rupees in millions, except share and per share data, unless otherwise stated)

Particulars	Three months ended June 30, 2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	152,336	106.50	83,076	215.18
Granted during the period	-	-	-	-
Exercised during the period	-	-	964	239.25
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**152,336**	**106.50**	**82,112**	**214.89**
Options vested and exercisable, end of the period	152,336	106.50	82,112	214.89

*Pre bonus issue. Refer note 31

Directors' Stock Option Plan, 2006 ('DSOP 2006')

Options under this program have been granted to independent directors at an exercise price periodically determined by the Nomination and remuneration Committee. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Three months ended June 30, 2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	40,000	123.25	40,000	278.00
Granted during the period	-	-	-	-
Exercised during the period	40,000	123.25	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	**40,000**	**278.00**
Options vested and exercisable, end of the period	-	-	40,000	278.00

*Pre bonus issue. Refer note 31

Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received by the Group from the BSE and NSE for 1,135,000 equity shares of Rs 10 each. No options have been granted under the program as at March 31, 2016.

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 Rs 10 each. Shares under this program are granted to employees at an exercise price of not less than Rs 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.

(Rupees in millions, except share and per share data, unless otherwise stated)

The following table summarizes information about the weighted average exercise price of options/ shares exercised under various programs:

Particulars	Three months ended June 30, 2016	2015
Program 2	12.50	25
Program 4	-	270.52
Program 5	-	239.25
DSOP 2006	123.25	-

The following tables summarize information about the options/ shares outstanding under various programs as at June 30, 2016 and March 31, 2016

Particulars	As at June 30, 2016		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	13,720	0.57	12.50
Program 4	-	-	-
Program 5	152,336	1.08	106.50

Particulars	As at March 31, 2016		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	18,360	0.67	12.50
Program 4	-	-	-
Program 5	152,336	1.33	106.50
DSOP 2006	40,000	0.04	123.25

(Rupees in millions, except share and per share data, unless otherwise stated)

Other stock based compensation arrangements

The Company has also granted phantom stocks and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the grant/issue as at June 30, 2016 are given below:

Particulars	**Phantom stock options plan***
Total no. of units/ shares	1,195,000
Vested units/ shares	-
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	**1,195,000**
Contractual life	2 years
Date of grant	21-Oct-15
Price per share/ unit	686

Particulars	**ERSP 2012 plan***
Outstanding units/shares as at the beginning of the period	342,700
Number of units/shares issued under letters of intent	-
Vested units/ shares	-
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	**342,700**
Contractual life	2-4 years
Date of grant**	18-Jul-13, 12-May-15, 21-Oct-15, 27-Oct-15, 25-Feb-16
Price per share/ unit**	Exercise price of Rs. 10

*Adjusted for bonus issue. Refer note no.31
**Based on Letter of Intent

22. Operating leases

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during period ended June 30, 2016 and June 30, 2015 amounted to Rs 118 and Rs 109 respectively.

Future minimum lease payments under non-cancellable operating lease as at June 30, 2016 is as below:

(Rupees in millions, except share and per share data, unless otherwise stated)

Minimum lease payments	**As at June 30, 2016**	**As at March 31, 2016**
Payable – Not later than one year	418	372
Payable – Later than one year and not later than five years	606	475
Payable – Later than five years	324	258

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during period ended June 30, 2016 and June 30, 2015 amounted to Rs 125 and Rs 63 respectively.

23. Related party relationships and transactions

Name of related party	**Nature of relationship**
Coffee Day Global Limited Tanglin Developments Limited (‘TDL’) Mysore Amalgamated Coffee Estate Ltd	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.71% equity stake in Mindtree
Janaagraha Centre for Citizenship & Democracy	Entity with common key managerial person
Mindtree Foundation	Entity with common key managerial person

Transactions with the above related parties during the year were:

Name of related party	**Nature of transaction**	**Three months ended June 30, 2016**	**2015**
Mysore Amalgamated Coffee Estate Ltd	Reimbursement of travel expenses	-	1
Mindtree Foundation	Donation paid	12	18
Coffee Day Global Limited	Procurement of supplies	2	2
	Software services rendered	7	-
Tanglin Developments Limited	Leasing office buildings and land	108	89
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	21	12

(Rupees in millions, except share and per share data, unless otherwise stated)

	- towards lease rentals	-	47

Balances payable to related parties are as follows:

Name of related party	As at June 30, 2016	As at March 31, 2016
Coffee Day Global Limited	-	1

Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at June 30, 2016	As at March 31, 2016
Coffee Day Global Limited	Trade Receivables	10	25
Tanglin Developments Limited	Security deposit (including electricity deposit) returnable on termination of lease (inclusive of amortised cost)	277	298

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

Key Managerial Personnel:

Krishnakumar Natarajan^	Executive Chairman
Rostow Ravanan^	CEO and Managing Director
N.S. Parthasarathy	Executive Director, President and Chief Operating Officer
Subroto Bagchi***	Non-Executive Director
Dr. Albert Hieronimus	Non-Executive Vice Chairman and Independent Director
Apurva Purohit	Independent Director
Manisha Girotra	Independent Director
Prof. Pankaj Chandra	Independent Director
Ramesh Ramanathan	Independent Director
V.G.Siddhartha	Non-Executive Director
Jagannathan Chakravarthi*	Chief Financial Officer
Vedavalli Sridharan**	Company Secretary

(Rupees in millions, except share and per share data, unless otherwise stated)

*Appointed with effect from April 1, 2015.
**Appointed with effect from June 22, 2015.
***Effective April 1, 2016, Subroto Bagchi ceased to be the Executive Chairman and will continue as Non-executive director.
^Effective April 1, 2016, Krishnakumar Natarajan has been elevated as Executive Chairman and Rostow Ravanan as CEO and Managing Director.

Transactions with key management personnel are as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the period ended June 30, 2016 and June 30, 2015 have been detailed below:

Particulars	**Three months ended June 30,**	
	2016	**2015**
Whole-time directors		
Salaries	10	10
Contribution to Provident fund	-	-
Bonus and Incentives	13	12
Reimbursement of expenses	-	-
Share-Based payments as per IFRS 2	-	9
Total Remuneration	**23**	**31**
Non-whole-time directors		
Commission	4	4
Total Remuneration	**4**	**4**
Total	**27**	**35**

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

Dividends paid to directors during the period ended June 30, 2016 and June 30, 2015 amounts to Rs 44 and Rs 109 respectively

24. Acquisition of Discoverture Solutions L.L.C. ('DS LLC')

On February 13, 2015, the Group acquired 100% of the membership interest in DS LLC, thereby obtaining control.

DS LLC is an IT services and solutions firm specializing in the property and casualty (P&C) insurance and health care customers. The acquisition of DS LLC will enable the Group to increase its foot print in (P&C) insurance industry through access to DS LLC's customer base, its expertise and brand value in the market. The Group also believes that P&C insurance industry has potential for growth.
The acquisition was executed through an equity interest agreement to acquire 100% of the membership interest in DS LLC and asset purchase and employee transition facilitation agreement of the India operations of DS LLC.

The fair value of purchase consideration of Rs 1,051 comprised upfront cash consideration of Rs 581, deferred consideration of Rs 361 and contingent consideration of Rs 109.

(Rupees in millions, except share and per share data, unless otherwise stated)

The details are provided below:

Sl. No.	Nature of consideration	Amount (Rs)	Fair value (Rs)	Terms
1.	Upfront cash consideration	581	581	
2.	Deferred consideration	371	361	USD 4 million payable in February 2016 and USD 2 million in September 2016
3.	Contingent consideration	120	109	Payable in two installments for Fiscal Years 2015 and 2016 determined based on achievement of certain financial targets
	Total	**1,072**	**1,051**	

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 311. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

The purchase price has been allocated based on Management's estimates as follows:

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	12	-	12
Net current assets	162	-	162
Intangible assets	1	206	207
Deferred tax liabilities on intangible assets	-	(70)	(70)
Total	**175**	**136**	**311**
Goodwill			740
Total purchase price			**1,051**

The intangible assets are amortised over a period of three to five years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The goodwill amounting to Rs 740 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

The goodwill amounting to Rs 740 is expected to be deductible for tax purposes

(Rupees in millions, except share and per share data, unless otherwise stated)

Results from this acquisition are grouped under BFSI in the segmental reporting.

Note:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, 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 CGU's.

The entire goodwill on acquisition of Discoverture is allocated to the operating segment 'BFSI". 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.

As of March 31, 2016, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The key assumptions used for the calculations are as follows:

	As at March 31, 2016
Long term growth rate	14.50%
Operating margins	26.30%
Discount rate	21.70%

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.

25. Acquisition of Bluefin Solutions Limited ('Bluefin')

On July 16, 2015, the Group acquired 100% of equity interest in Bluefin, thereby obtaining control.

Bluefin provides SAP based business and technology consulting services. It offers SAP implementation and integration services; and business advisory services in areas of business growth strategy, operational excellence, business change management and information technology excellence. The acquisition of Bluefin will enable the Group to increase its foot print in SAP implementation and integration space.

The acquisition was executed through stock purchase agreement to acquire 100% of the equity interest in Bluefin.

The fair value of purchase consideration of Rs 3,981 comprised upfront cash consideration of Rs 3,379 and contingent consideration of Rs 602.

(Rupees in millions, except share and per share data, unless otherwise stated)

The details are provided below:

Sl. No.	Nature of consideration	Amount (Rs)	Fair value (Rs)	Terms
1.	Upfront cash consideration	3,379	3,379	
2.	Contingent consideration	835	602	Payable in three installments for the financial year ending March 2016, 2017 and 2018 determined based on achievement of certain financial targets
	Total	**4,214**	**3,981**	

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 1,829. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

The purchase price has been allocated based on Management’s estimates as follows:

Component	Acquiree’s carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	25	-	25
Net current assets	644	-	644
Intangible assets	7	1,441	1,448
Deferred tax liabilities on intangible assets	-	(288)	(288)
Total	**676**	**1,153**	**1,829**
Goodwill			2,152
Total purchase price			**3,981**

The transaction costs related to the acquisition amounting to Rs 21 have been included under Selling, general and administrative expenses in the statement of income for the year ended March 31, 2016.

The intangible assets are amortised over a period of five to ten years as per management’s estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The amount of trade receivables acquired from the above business acquisition was Rs 656. The trade receivables have been largely collected.

(Rupees in millions, except share and per share data, unless otherwise stated)

The goodwill amounting to Rs 2,152 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

From the date of acquisition, Bluefin has contributed revenues amounting to Rs 2,197 and profits amounting to Rs 157 to the Group's results. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and profits for the period would have been Rs 2,925 and Rs 179 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

Results from this acquisition are grouped under operating segments in the segmental reporting.

26. Acquisition of Relational Solutions, Inc ('RSI')

On July 16, 2015, the Group acquired 100% of equity interest in RSI, thereby obtaining control.

RSI develops data warehouses and business intelligence solutions. The acquisition of RSI will enable the Group to increase its foot print in development of data warehouses and business intelligence solutions space

The acquisition was executed through common stock purchase agreement to acquire 100% of equity interest in RSI.

The fair value of purchase consideration of Rs 522 comprised upfront cash consideration of Rs 454 and contingent consideration of Rs 68.

The details are provided below:

Sl. No.	Nature of consideration	Amount (Rs)	Fair value (Rs)	Terms
1.	Upfront cash consideration	454	454	
2.	Contingent consideration	95	68	Payable in two installments for the fiscal year ending June 2016 and 2017 determined based on achievement of certain financial targets
	Total	**549**	**522**	

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 183. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

(Rupees in millions, except share and per share data, unless otherwise stated)

The purchase price has been allocated based on Management's estimates as follows:

Component	**Acquiree's carrying amount**	**Fair value adjustments**	**Purchase price allocated**
Net current assets	(0.3)	-	(0.3)
Intangible assets	-	281	281
Deferred tax liabilities on intangible assets	-	(98)	(98)
Total	**(0.3)**	**183**	**183**
Goodwill			339
Total purchase price			**522**

The transaction costs related to the acquisition amounting to Rs 11 have been included under Selling, general and administrative expenses in the statement of income for the year ended March 31, 2016.

The intangible assets are amortised over a period of five to ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The amount of trade receivables acquired from the above business acquisition was Rs 34. The trade receivables have been largely collected.

The goodwill amounting to Rs 339 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

From the date of acquisition, RSI has contributed revenues amounting to Rs 115 and profits amounting to Rs 9 to the Group's results. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and loss for the period would have been Rs 145 and Rs 17 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

Results from this acquisition are grouped under RCM in the segmental reporting.

27. Acquisition of Magnet 360 LLC

On January 18, 2016, the Group acquired 100% of membership interest in Magnet 360 LLC, thereby obtaining control.

Magnet 360, LLC provides Sales force multi-cloud implementation strategies and consulting services. It assesses go-to-market goals of organizations and specializes in multi-cloud, marketing automation and community cloud solutions. The acquisition of Magnet will enable the Group to increase its foot print in sales force multi-cloud implementation space.

The acquisition was executed through unit purchase agreement to acquire 100% of the membership interest in Magnet.

(Rupees in millions, except share and per share data, unless otherwise stated)

The fair value of purchase consideration of Rs 2,962 comprised upfront cash consideration of Rs 2,526 and contingent consideration of Rs 436.

The details are provided below:

Sl. No.	Nature of consideration	Amount (Rs)	Fair value (Rs)	Terms
1.	Upfront cash consideration	2,526	2,526	
2.	Contingent consideration	566	436	Payable in two installments for the year ending Dec 2016, and Dec 2017 determined based on achievement of certain financial targets
	Total	**3,092**	**2,962**	

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets.

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 1,174. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

The purchase price has been allocated based on Management's estimates as follows:

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	39	-	39
Net current assets	158	-	158
Intangible assets	-	977	977
Total	**197**	**977**	**1,174**
Goodwill			1,788
Total purchase price			**2,962**

The intangible assets are amortized over a period of five to ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The amount of trade receivables acquired from the above business acquisition was Rs 305. The trade receivables have been largely collected.

The goodwill amounting to Rs 1,788 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

The goodwill amounting to Rs 1,788 is expected to be deductible for tax purposes

From the date of acquisition, Magnet 360 has contributed revenues amounting to Rs 428 and profits / (loss) amounting to Rs (16) to the Group's results. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and profits for the year would have been Rs 1,647 and Rs 356 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

Results from this acquisition are grouped under operating segments as defined by the management.

28. Segment information

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8 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 Group is structured into four reportable business segments – RCM, BFSI, TMS and TH. During the year, the Group has restructured its verticals and accordingly, as required by accounting standards, comparatives have been restated and presented in line with the current segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

Each segment item reported is measured at the measure, it is reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies.

Geographic information is based on business sources from that geographic region and delivered from both on-site and off-shore. America comprises of United States of America and Canada, Europe includes continental Europe and United Kingdom; and the rest of the world comprises of all other places except those mentioned above and India.

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.

The assets of the Group are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognized.

(Rupees in millions, except share and per share data, unless otherwise stated)

Industry Segments:

Statement of income	**Three months ended June 30,**	
	2016	**2015**
Segment revenue		
RCM	3,194	2,163
BFSI	3,306	2,631
TMS	4,791	3,459
TH	1,985	1,522
Total	**13,276**	**9,775**
Segment operating income		
RCM	498	464
BFSI	357	338
TMS	894	663
TH	206	210
Total	**1,955**	**1,675**
Depreciation and Amortization expense	(468)	(334)
Profit for the year before finance expenses, other income and tax	**1,487**	**1,341**
Finance expenses	(51)	(9)
Other income/ (expense)	194	384
Net profit before taxes	**1,630**	**1,716**
Income taxes	(422)	(394)
Net profit after taxes	**1,208**	**1,322**

Other information	**Three months ended June 30,**	
	2016	**2015**
Other significant non-cash expense (Allocable)		
RCM	6	1
BFSI	(1)	4
TMS	(4)	6
TH	18	7
Others	-	1

(Rupees in millions, except share and per share data, unless otherwise stated)

Geographical information

Revenues	Three months ended June 30,	
	2016	**2015**
America	8,856	6,587
Europe	3,071	2,149
India	413	331
Rest of World	936	708
Total	**13,276**	**9,775**

29. Contingent liabilities

a) The Group has received an income tax assessment for the financial year 2008-09 wherein demand of Rs 24 has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group and disallowance of portion of profit earned outside India from the STP and SEZ units.

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 Group has filed an appeal against the demands received.

The Group has received a favourable order from the Commissioner of Income tax (Appeals) for majority of grounds and considering the order passed, there will not be any demand on the Group. On the other grounds which are not favourable, the Group has filed an appeal before the Income Tax Appellate Tribunal ('ITAT').

b) The Group has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 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 Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to Rs 18 against these demands.

c) The Group has received income tax assessments 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, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 478 against these demands.
The Group received a favourable order from the Commissioner of Income Tax (Appeals) for the 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 Group 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 & has issued a Final assessment order with a revised demand amounting to Rs 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 Group has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Group has a filed an appeal with ITAT.

The Group 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 Group 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.

d) The Group 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 Rs 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 Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Group 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 unfavorable grounds, the Group has filed an appeal before Income Tax Appellate Tribunal. The final order giving effect by the Assessing Officer is completed and the demand is reduced to Rs 33. The Group has deposited Rs 5 with the department against this demand.

e) The Group has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and 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 Group has filed an appeal with Commissioner of Income Tax (Appeals).

f) 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 Rs 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 has filed an appeal with Commissioner of Income Tax (Appeals).

30. Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2016 is Rs 561 (March 31, 2016: Rs 262).

(Rupees in millions, except share and per share data, unless otherwise stated)

31. The Company has allotted 83,893,088 and 41,765,661 fully paid up equity shares during the quarter ended March 31, 2016 and June 30, 2014 respectively, pursuant to 1:1 bonus share issue approved by shareholders. Consequently, options/ units granted under the various employee share based plans are adjusted for bonus share issue.

32. The Group has a development center at Gainesville, Florida, US. The state of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

Nature of expenses	**Three months ended June 30,**	
	2016	**2015**
Grant towards workforce training	3	9
Total	**3**	**9**

The Group had availed a grant of USD 950,000 for renovation of project facility. This grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the development center at Gainesville, Florida, US.

The Groups's subsidiary Bluefin has claimed R&D tax relief under UK corporation tax rules. Bluefin 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	**Three months ended June 30,**	
	2016	**2015**
Grant towards R & D credit	6	-
Total	**6**	**-**

As at June 30, 2016, the grant recognized in the balance sheet is Rs 62. (As at March 31, 2016: 59)