MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Rupees in millions, except share data)

	Note	As at March 31, 2016	As at March 31, 2015
Assets			
Goodwill	5b, 24, 25,26 & 27	4,815	740
Property, plant and equipment	4	4,383	4,651
Intangible assets	5a, 24, 25,26 & 27	2,632	316
Available-for-sale financial assets	6	62	12
Deferred tax assets		432	493
Non-current tax assets		934	834
Other non-current assets	9	1,212	934
Total non-current assets		**14,470**	**7,980**
Trade receivables	7	9,728	6,963
Other current assets	9	2,017	2,152
Unbilled revenues		2,132	982
Available-for-sale financial assets	6	2,016	4,790
Derivative assets		53	24
Cash and cash equivalents	8	2,332	3,763
Total current assets		**18,278**	**18,674**
Total assets		**32,748**	**26,654**
Equity			
Share capital		1,678	837
Share premium		1,376	2,152
Retained earnings		21,148	18,114
Other components of equity		(23)	177
Equity attributable to owners of the company		24,179	21,280
Non-controlling interests		-	-
Total equity		**24,179**	**21,280**
Liabilities			
Loans and borrowings	10	14	18
Other non-current liabilities	12	832	337
Total non-current liabilities		**846**	**355**
Loans and borrowings and book overdraft	10	815	160
Trade payables and accrued expenses	11	1,889	1,709
Unearned revenue		344	225
Current tax liabilities		315	239
Derivative liabilities		1	3
Employee benefit obligations	13	672	371
Other current liabilities	12	2,937	1,872
Provisions	12	750	440
Total current liabilities		**7,723**	**5,019**
Total liabilities		**8,569**	**5,374**
Total equity and liabilities		**32,748**	**26,654**

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Note	(Rupees in millions, except share data) Year ended March 31, 2016	2015
Revenues		46,730	35,461
Cost of revenues	17	(31,591)	(23,125)
Gross profit		**15,139**	**12,336**
Selling, general and administrative expenses	17	(8,577)	(6,346)
Results from operating activities		**6,562**	**5,990**
Foreign exchange gain		392	179
Finance expenses		(161)	(2)
Finance and other income	19	421	697
Profit before tax		**7,214**	**6,864**
Income tax expense	15	(1,691)	(1,542)
Profit for the year		**5,523**	**5,322**
Attributable to:			
Owners of the Company		5,523	5,322
Non-controlling interests		-	-
		5,523	**5,322**
Earnings per equity share:	20		
Basic		32.94	31.82
Diluted		32.86	31.70
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		167,649,773	167,238,871
Diluted		168,091,689	167,893,221

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Rupees in millions, except share data) Year ended March 31,	
	2016	**2015**
Profit for the year	5,523	5,322
Other comprehensive income, net of taxes		
Items that will not be reclassified to profit or loss		
- Defined benefit plan actuarial gains/ (losses)	(27)	8
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation difference relating to foreign operations	(217)	-
- Net change in fair value of cash flow hedges	-	(39)
- Net change in fair value of available-for-sale financial assets	15	(7)
Total other comprehensive income, net of taxes	(229)	(38)
Total comprehensive income for the year	5,294	5,284
Attributable to:		
Owners of the Company	5,294	5,284
Non-controlling interests	-	-
	5,294	5,284

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED 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
						Cash flow hedging reserve	Other reserves	Foreign Currency Translation Reserve			
Balance as at April 1, 2014	41,689,731	417	2,429	14,230	34	39	146	-	17,295	-	17,295
Issue of equity shares on exercise of options/ restricted shares	276,980	2	141	-	-	-	-	-	143	-	143
Issue of Bonus shares	41,765,661	418	-	-	-	-	-	-	418	-	418
Amount utilised for bonus shares		-	(418)	-	-	-	-	-	(418)	-	(418)
Profit for the year		-	-	5,322	-	-	-	-	5,322	-	5,322
Other comprehensive income		-	-	-	-	(39)	1	-	(38)	-	(38)
Compensation cost related to employee share based payment transaction		-	-	-	(4)	-	-	-	(4)	-	(4)
Cash dividend paid (including dividend tax thereon)		-	-	(1,438)	-	-	-	-	(1,438)	-	(1,438)
As at March 31, 2015	**83,732,372**	**837**	**2,152**	**18,114**	**30**	**-**	**147**	**-**	**21,280**	**-**	**21,280**
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**

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW

	(Rupees in millions, except share data)	
	Year ended March 31,	
	2016	**2015**
Cash flow from operating activities		
Profit for the year	5,523	5,322
Adjustments for :		
Depreciation & amortisation	1,339	1,014
Amortisation of intangibles	309	10
Amortization of stock compensation	90	186
Finance expenses	161	2
Income tax expense	1,691	1,542
Interest / dividend income	(277)	(334)
Loss/ (gain) on sale of property, plant and equipment	54	(6)
Gain on sale of available-for-sale financial assets	(131)	(286)
Unrealised exchange difference on derivatives	(31)	(21)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(105)	6
Changes in operating assets and liabilities		
Trade receivables	(1,804)	(742)
Unbilled revenues	(1,150)	32
Other assets	131	(24)
Trade payables and accrued expenses	(126)	841
Unearned revenues	119	125
Other liabilities	379	(238)
Net cash provided by operating activities before taxes	6,172	7,429
Income taxes paid	(1,972)	(1,537)
Net cash provided by operating activities	**4,200**	**5,892**
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,584)	(1,995)
Proceeds from sale of property, plant and equipment	269	8
Purchase of business/acquisition (net of cash acquired Rs 48)	(6,578)	(505)
Interest /dividend received from available-for-sale financial assets	327	219
Inter-corporate deposits	450	(300)
Investments in available-for-sale financial assets	(10,062)	(9,685)
Redemption of available-for-sale financial assets	12,935	10,252
Net cash used in investing activities	**(4,243)**	**(2,006)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	24	67
Finance expenses	(3)	(1)
Repayment of loans and borrowings	(5)	-
Proceeds from short-term borrowings	415	-
Dividends paid (including distribution tax)	(2,151)	(1,438)
Net cash used in financing activities	**(1,720)**	**(1,372)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	92	(6)
Net (decrease)/increase in cash and cash equivalents	(1,671)	2,508
Cash and cash equivalents at the beginning of the year	3,608	1,100
Cash and cash equivalents at the end of the year (Note 8)	**1,937**	**3,608**

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

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 five verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS), Travel and Hospitality (TH) and Others. 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 April 18, 2016.

2. Basis of preparation of financial statements

(a) Statement of compliance

The consolidated financial statements as at and for the year ended March 31, 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 income 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

Financial instruments of the Group are classified in the following categories : non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other liabilities; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss.
The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial instruments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Loans and receivables are represented by trade receivables, unbilled revenue, 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) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transaction costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the statement of income.

(iii) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

b) 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 income 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 income 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 income.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for 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 income.

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 years
Vendor relationship	5 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 income over the lease term.

(viii) Impairment

a) Financial assets

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

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in 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 profit or loss.

(i) Loans and receivables

Impairment losses on trade and other receivables are recognized using separate allowance accounts.

(ii) Available-for-sale financial asset

When the fair value of available-for-sale financial assets declines below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in other comprehensive income, a component of equity in other reserve is transferred to the statement of income. An impairment loss may be reversed in subsequent periods, if the indicators for the impairment no longer exist. Such reversals are recognized in other comprehensive income.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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.

c) Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill and available- for-sale financial assets that are equity securities is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(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 and loss in the period in which the employee renders services.

b) Gratuity

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

(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 income 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 SARs, 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 income.

(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 income 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 (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in the statement of income, using the effective interest method.

Dividend income is recognized in the statement of income 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 income 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 income 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 income 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 a nominal value.

New standards and interpretations not yet adopted

a) **IFRS 9 Financial Instruments:** In November 2009, the IASB issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39.

IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further, it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held-to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity’s own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity’s own credit risk in the other comprehensive income.

The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted. The Company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated interim financial statements.

b) **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.

c) **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, 2014	97	1,911	1,571	2,977	2	6,558
Additions	-	929	563	591	28	2,111
Disposal/Adjustments	-	1	103	35	1	140
Acquisition through business combination	-	-	10	2	-	12
As at March 31, 2015	97	2,839	2,041	3,535	29	8,541
Accumulated depreciation/impairment:						
As at April 1, 2014	6	348	1,082	2,078	1	3,515
Depreciation	1	150	416	295	5	867
Disposal/Adjustments	-	1	101	35	1	138
As at March 31, 2015	7	497	1,397	2,338	5	4,244
Capital work-in-progress						354
Net carrying value as at March 31, 2015	**90**	**2,342**	**644**	**1,197**	**24**	**4,651**
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**

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

The depreciation expense for the year ended March 31, 2016 and March 31, 2015 is included in the following line items in the statement of income.

Particulars	**Year ended March 31,**	
	2016	**2015**
Cost of revenues	1,075	789
Selling, general and administrative expenses	137	78
Total	**1,212**	**867**

The Carrying value of land includes Rs 66 and Rs 58 as at March 31, 2016 and March 31, 2015 towards deposits paid under lease agreement to use the land for 90-95 years and the ownership of the land does not vest with the Group after the lease period.
Further carrying value of land includes Rs 11 towards deposit paid for use of land for 95 years with an option of renewing the lease subject to fulfillment of certain conditions and restrictions.

(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, 2014	67	892	-	-	-	-	-	-	959
Additions	-	94	-	-	-	-	-	-	94
Disposal/Adjustments	-	65	-	-	-	-	-	-	65
Acquisition through business combination	-	1	71	111	24	-	-	-	207
As at March 31, 2015	67	922	71	111	24	-	-	-	1,195
Accumulated amortisation/impairment:									
As at April 1, 2014	52	735	-	-	-	-	-	-	787
Amortisation	13	134	3	6	1	-	-	-	157
Disposal/Adjustments	-	65	-	-	-	-	-	-	65
As at March 31, 2015	65	804	3	6	1	-	-	-	879
Net carrying value as at March 31, 2015	**2**	**118**	**68**	**105**	**23**	**-**	**-**	**-**	**316**
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**

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

The amortisation expense for the year ended March 31, 2016 and March 31, 2015 is included in the following line items in the statement of income.

Particulars	**Year ended March 31,**	
	2016	**2015**
Cost of revenues	396	143
Selling, general and administrative expenses	40	14
Total	**436**	**157**

b. Goodwill

Particulars	**As at March 31, 2016**	**As at March 31, 2015**
Balance at the beginning of the year	740	-
Translation Adjustment Loss/(Gain)	204	-
Acquisition through business combination	4,279	740
Balance at the end of the year	**4,815**	**740**

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

6. 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 available-for-sale financial assets.

Cost and fair value of the above are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current		
Investment in non-convertible bonds, unlisted equity securities and preference shares		
Cost	59	9
Gross unrealised holding gains	3	3
Fair value	62	12
Current		
Investment in non-convertible bonds, liquid and short-term mutual funds		
Cost	1,855	4,646
Gross unrealised holding gains	164	148
Gross unrealised holding (losses)	(3)	(4)
Fair value	2,016	4,790
Total available-for-sale financial assets	**2,078**	**4,802**

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 88 and Rs 54 for the year ended March 31, 2016 and March 31, 2015 respectively.

7. Trade receivables

Particulars	As at March 31, 2016	As at March 31, 2015
Trade receivables	9,853	7,046
Allowance for doubtful trade receivable	(125)	(83)
Total	**9,728**	**6,963**

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

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at March 31, 2016	As at March 31, 2015
Cash balances	1	-
Current and time deposits with banks #	2,331	3,763
Cash and cash equivalents on statement of financial position	**2,332**	**3,763**
Book overdrafts used for cash management purposes	(395)	(155)
Cash and cash equivalents in the cash flow statement	**1,937**	**3,608**

#Balance with banks amounting to Rs 343 and Rs 5 as of March 31, 2016 and March 31, 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.

9. Other assets

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current		
Capital advances	42	107
Security deposits	655	614
Prepaid expenses	171	196
Service tax credit receivable	138	-
Others	206	17
	1,212	**934**
Current		
Interest bearing deposits with corporates	250	700
Prepaid expenses	820	526
Advance to employees	417	232
Advance to suppliers	94	249
Interest accrued and not due	19	99
Deposits	38	136
Others	379	210
	2,017	**2,152**
Total	**3,229**	**3,086**

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

10. Loans and borrowings and book overdraft

A summary of loans and borrowings and book overdraft is as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current		
Unsecured long-term loan and borrowings	14	18
	14	**18**
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	415	-
Book overdraft	395	155
	815	**160**
Total	**829**	**178**

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.

11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables	734	753
Accrued expenses	1,155	956
Total	**1,889**	**1,709**

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

12. Other liabilities and provisions

Particulars	As at March 31, 2016	As at March 31, 2015
Non-current		
Others	832	337
	832	**337**
Current		
Advances from customers	44	27
Dividend payable	336	-
Employee and other liabilities	1,192	1,438
Statutory dues payable	469	249
Other liabilities	896	158
	2,937	**1,872**
Total	**3,769**	**2,209**
Current Provisions		
Provision for discount	667	367
Provision for post contract support services	7	5
Others	76	68
Total	**750**	**440**

Non-current

Provision for discount

Provision for discount are for volume discounts and pricing incentives to customers accounted for by reducing the amount of revenue recognized at the time of sale.

Particulars	**Year ended March 31,**	
	2016	**2015**
Balance as at beginning of the year	-	39
Provisions made during the year	-	-
Utilisations during the year	-	(39)
Released during the year	-	-
Provision as at the end of the year	-	-

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

Current

Provision for discount

Particulars	Year ended March 31, 2016	2015
Balance as at beginning of the year	367	231
Provisions made during the year	490	433
Utilisations during the year	(172)	(289)
Released during the year	(18)	(8)
Provision as at the end of the year	667	367

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	Year ended March 31, 2016	2015
Balance as at beginning of the year	5	4
Provision made during the year	2	2
Released during the year	-	(1)
Provision as at the end of the year	7	5

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

Other provisions

Other provisions primarily represent provision for tax related contingencies and litigations. The timing of cash flows in respect of these provisions cannot be reasonably determined.

Particulars	Year ended March 31,	
	2016	2015
Balance as at beginning of the year	68	66
Provisions made during the year	8	2
Released during the year	-	-
Provision as at the end of the year	76	68

13. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at March 31, 2016	As at March 31, 2015
Gratuity	134	15
Compensated absences	538	356
Total	**672**	**371**

(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 March 31, 2016 and March 31, 2015 is as follows:

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**

As at March 31, 2015

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	-	6,963	-	-	6,963	6,963
Unbilled Revenue	-	982	-	-	982	982
Available-for-sale financial assets	-	-	4,802	-	4,802	4,802
Cash and cash equivalents	-	3,763	-	-	3,763	3,763
Derivative assets	24	-	-	-	24	24
Other assets	-	1,799	-	-	1,799	1,799
Total assets	**24**	**13,507**	**4,802**	**-**	**18,333**	**18,333**
Liabilities						
Loans and borrowings	-	-	-	178	178	178
Trade payables and accrued expenses	-	-	-	1,709	1,709	1,709
Derivative Liabilities	3	-	-	-	3	3
Other liabilities	-	-	-	1,810	1,810	1,810
Total liabilities	**3**	**-**	**-**	**3,697**	**3,700**	**3,700**

(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 March 31, 2016 and March 31, 2015:

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				
Available-for-sale financial asset-Investments in mutual fund units	2,016	1,916	100	
Available-for-sale financial asset-Investments in non-covertible bonds, unlisted equity securities and preference shares	62		50	12
Derivatives financial instruments-gain on outstanding foreign exchange forward and option contracts	53		53	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option contracts	1		1	

As at March 31, 2015

Particulars	As of March 31, 2015	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset-Investments in mutual fund units	4,790	4,790		
Available-for-sale financial asset-Investments in unlisted equity securities and preference shares	12			12
Derivatives financial instruments-gain on outstanding foreign exchange forward and option contracts	24		24	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	3		3	

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

There have been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2016.

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:

Reconciliation of balances for level 3 in fair value of hierarchy

Particulars	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the period	12	11
Add: Investments in equity shares of NuvePro Technologies Private Limited	-	1
Balance at the end of the period	12	12

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

Particulars	Year ended March 31,	
	2016	2015
Income from available-for-sale financial assets	204	440
Interest income on deposits	204	177
Interest expense	(161)	(2)

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 March 31, 2016	As at March 31, 2015
Non-designated derivative instruments (Sell)		
In US $	31	32
In Euro	3	5
In GBP	2	2

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

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Balance at the beginning of the year	-	49
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	-	(49)
Balance at the end of the year	-	-

As at March 31, 2016 and March 31, 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:

Particulars	As at March 31, 2016	As at March 31, 2015
	US$	US$
Non-designated derivative instruments (Sell)		
Not later than 1 month	14	15
Later than 1 month but not later 3 months	22	25
Later than 3 months but not later 1 year	-	-
Later than 1 year	-	-

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

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	Year ended March 31,	
	2016	2015
Revenue from top customer	5,106	3,337
Revenue from top 5 customer	14,281	11,514

One customer accounted for more than 10% of the revenue, however none of the customer accounted for more than 10% of the receivables for the year ended March 31, 2016. None of the customers accounted for more than 10% of the receivables and revenue for the year ended March 31, 2015.

Due to the above, there is no significant concentration of credit risk.

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.

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

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and interest bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents include deposits with banks with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity instruments. Deposits with corporates represent funds deposited with financial institutions for a specified time period. Of the total trade receivables, Rs 7,834 and Rs 5,789 as of March 31, 2016 and March 31,2015 respectively, were neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30-90 days. The age wise break up of trade receivables, net of allowances that are past due, is given below:

Period (in days)	As at March 31,	
	2016	**2015**
Past due 0-30 days	1,342	618
Past due 30-60 days	247	212
Past due 60-90 days	92	126
Past due over 90 days	213	218
Total past due and not impaired	**1,894**	**1,174**

The allowance for impairment in respect of trade receivables for the year ended March 31, 2016 and March 31, 2015 was Rs 88 and Rs 68 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31,	
	2016	**2015**
Balance at the beginning of the year	82	46
Additions during the year	88	68
Trade receivables written off	(45)	(32)
Balance at the end of the year	125	82

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.
The Company’s corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

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

The working capital position of the company is given below:

Particulars	As at	
	March 31, 2016	March 31, 2015
Cash and cash equivalents	2,332	3,763
Available-for-sale investments	2,016	4,790
Interest bearing deposits with corporates	250	700
Total	**4,598**	**9,253**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2016 and March 31, 2015:

Particulars	As at March 31, 2016		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings and bank overdraft	815	5	9
Trade payables and accrued expenses	1,889	-	-
Derivative Liabilities	1	-	-
Other liabilities	2,784	-	-

Particulars	As at March 31, 2015		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	160	5	18
Trade payables and accrued expenses	1,709	-	-
Derivative Liabilities	3	-	-
Other liabilities	1,810	-	-

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.

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

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 Nil increase/decrease in the Group's hedging reserve and an approximately Rs 50 increase and Rs 25 decrease in the Group's net profit as at March 31, 2016;
b) an approximately Rs Nil increase/decrease in the Group's hedging reserve and an approximately Rs 25 increase/decrease in the Group's net profit as at March 31, 2015; and

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2016 and March 31, 2015.

Amount in Rs.

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.

As at March 31, 2015

Particulars	US $	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	4,791	831	656	392	6,670
Unbilled Revenue	693	128	138	29	988
Cash and cash equivalents	1,335	72	124	236	1,767
Other assets	161	6	39	19	225
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	167	1	8	8	184
Other liabilities	299	30	67	110	506
Net assets/liabilities	**6,514**	**1,006**	**882**	**558**	**8,960**

* 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 year ended March 31, 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 1.42% and 0.20% 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 10 and 6 above.

15. Income tax expense

Income tax expense in the statement of income consists of:

Particulars	Year ended March 31,	
	2016	**2015**
Current taxes		
Domestic	1,586	1,419
Foreign	307	173
Total	**1,893**	**1,592**
Deferred taxes		
Domestic	(89)	4
Foreign	(113)	(54)
Total	**(202)**	**(50)**
Grand total	**1,691**	**1,542**

Income tax expense has been allocated as follows:

Particulars	Year ended March 31,	
	2016	**2015**
Income tax expense as per the statement of income	1,691	1,542
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	3	(3)
- gains/(losses) on cash flow hedging derivatives	-	(10)
- actuarial gains/ (losses) on defined benefit plans	(6)	(2)
	(3)	(15)
Total	**1,688**	**1,527**

(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	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Profit before tax	7,214	6,864
Enacted income tax rate in India	34.61%	33.99%
Computed expected tax expense	2,497	2,333
Effect of:		
Income exempt from tax	(1,269)	(936)
Temporary differences reversed during the tax holiday period	13	4
Expenses disallowed for tax purposes	241	29
Foreign Tax (Net)	143	112
Tax reversals	32	-
Others	34	-
Total income tax expense	**1,691**	**1,542**

The tax rates under Indian Income Tax Act, for the year ended March 31, 2016 and March 31, 2015 is 34.61% and 33.99% respectively.

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

Particulars	**As at March 31, 2016**	**As at March 31, 2015**
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	-
Unused tax losses of foreign jurisdiction	152	158

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

The components of deferred tax assets are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Property, plant and equipment	254	205
Allowances for doubtful accounts receivable	22	16
Compensated absences	203	117
Others	123	111
	602	449
Minimum alternate tax	198	145
Available for sale financial assets	(31)	(28)
Defined benefit plans	-	(6)
Intangibles	(337)	(67)
Total deferred tax assets (net)	**432**	**493**

A substantial portion of the profits of the Group's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology Parks and Export Oriented units. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The tax holidays on all facilities under Software Technology Parks and Export oriented units has expired on March 31, 2011. Additionally, 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. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, 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 US tax on income attributable to its permanent establishment in the United States due to operation of its US branch.

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 167,786,176 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 503, inclusive of corporate dividend tax of Rs 102

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) Cash flow hedging reserve

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized in other comprehensive income (net of taxes), and presented within equity in the cash flow hedging reserve.

e) 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.

f) *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 March 31, 2016**	**As at March 31, 2015**
Total equity attributable to the equity share holders of the company	24,179	21,280
As percentage of total capital	97%	99%
Current loans and borrowings	815	160
Non-current loans and borrowings	14	18
Total loans and borrowings	829	178
As a percentage of total capital	3%	1%
Total capital (loans and borrowings and equity)	**25,008**	**21,458**

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

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.

17. Expenses by nature

Particulars	**Year ended March 31,**	
	2016	**2015**
Employee benefits	27,801	20,600
Depreciation and amortisation	1,648	1,024
Recruitment, staff welfare and training expenses	616	481
Travel and conveyance	2,249	1,740
Communication expenses	638	437
Sub-contractor charges/Outsourced technical services/software purchases	3,141	2,206
Consumables/maintenance and repairs	980	689
Post contract support services	1	1
Power and fuel	316	275
Lease rentals/charges	866	778
Printing and stationery	22	16
Advertisement	50	9
Bank charges	16	11
Rates, taxes and insurance	226	143
Marketing expenses	444	324
Legal and professional expenses	543	469
Loss from sale of property, plant and equipment	54	-
Provision/write off of bad and doubtful trade receivables	85	(23)
Others	472	291
Total cost of revenues, selling, general and administrative expenses	**40,168**	**29,471**

18. Employee benefits

Particulars	**Year ended March 31,**	
	2016	**2015**
Salary and allowances	25,248	18,767
Defined benefit plan - Gratuity cost	92	76
Contribution to provident and other funds	2,371	1,571
Share based compensation	90	186
Total	**27,801**	**20,600**

(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 income:

Particulars	**Year ended March 31,**	
	2016	**2015**
Cost of revenues	23,729	17,439
Selling, general and administrative expenses	4,072	3,161
Total	**27,801**	**20,600**

Defined benefit plans

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

Particulars	**Year ended March 31,**	
	2016	**2015**
Gratuity cost		
Service cost	91	79
Net interest on net defined liability/ (asset)	1	(3)
Net gratuity cost	**92**	**76**
Assumptions		
Interest rate	7.80%	8.80%
Salary increase	6.00%	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 March 31, 2016**	**As at March 31, 2015**
Change in projected benefit obligations		
Obligations at the beginning of the year	411	365
Service cost	91	79
Interest cost	29	29
Benefits settled	(50)	(55)
Actuarial (gain)/loss - Experience	60	(31)
Actuarial (gain)/loss – demographic assumptions	-	3
Actuarial (gain)/loss – financial assumptions	(24)	21
Obligations at end of the year	**517**	**411**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	396	363
Interest income on plan assets	29	32
Re-measurement - actuarial gain/(loss)	(2)	3
Contributions	3	53
Benefits settled	(50)	(55)
Plan assets at the end of the year, at fair value	**376**	**396**

Historical Information: -

Particulars	**2016**	**2015**	**2014**	**2013**	**2012**
Present value of defined benefit obligation	(517)	(411)	(365)	(324)	(276)
Fair Value of Plan	376	396	363	313	275
Asset/ (liability) recognized	**(141)**	**(15)**	**(2)**	**(11)**	**(1)**

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

Particulars	**As at**	
	March 31,2016	**March 31,2015**
Experience adjustment on plan liabilities	55	32
Experience adjustment on plan assets	2	6

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

Maturity profile of defined benefit obligation

Particulars	Year end March 31, 2016	Year end March 31, 2015
Within 1 year	77	51
1-2 year	86	63
2-3 year	95	74
3-4 year	101	86
4-5 year	117	99
5-10 year	603	542

The Group expects to contribute Rs 138 to its defined benefit plans during the next fiscal year.

As at March 31, 2016 and 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	Year ended March 31,	
	2016	**2015**
Interest income	204	180
Gain on sale of available-for-sale financial assets	131	286
Gain on sale of property, plant and equipment	-	6
Dividend income	73	154
Others	13	71
Total	**421**	**697**

(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	Year ended March 31, 2016		Year ended March 31, 2015	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	167,649,773	167,649,773	167,238,871	167,238,871
Weighted average number of equity shares resulting from assumed exercise of employee stock options		441,916		654,334
Weighted average number of equity shares for calculation of earnings per share	167,649,773	168,091,689	167,238,871	167,893,221

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.

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at the reporting date.

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of Rs 50 per option (Rs. 25 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.

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.

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.

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.

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)

Movement in Share option during the Year

The following reconciles the share options outstanding at the beginning and end of the year

Particulars	Year Ended Mar 31, 2016		Year Ended March 31, 2015	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Program 2:				
Outstanding at the beginning of the year*	32,976	21.25	54,777	39
Forteited during the year	-	-	-	-
Lapsed during the year	3,722	20.14	2,304	25
Exercised during the year	10,894	25.00	29,401	25
Outstanding at the end of the year	18,360	12.50	23,072	25
Exercisable at the end of the year	18,360	12.50	23,072	25
Program 4:				
Outstanding at the beginning of the year*	74,000	265.07	213,750	425
Forteited during the year	-	-	47,750	228
Lapsed during the year	-	-	-	-
Exercised during the year	74,000	265.07	92,000	258
Outstanding at the end of the year	-		74,000	265
Exercisable at the end of the year			74,000	265
Program 5:				
Outstanding at the beginning of the year*	159,244	215.18	168,295	298
Forteited during the year	-	-	-	-
Lapsed during the year	-	-	33,926	155
Exercised during the year	6,908	239.25	51,293	199
Outstanding at the end of the year	152,336	106.50	83,076	215
Exercisable at the end of the year	152,336	106.50	83,076	215
Program 6: DSOP				
Outstanding at the beginning of the year*	60,000	226.42	75,000	484
Option Granted during the year	-	-	-	-
Forteited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	20,000	309.50	35,000	560
Outstanding at the end of the year	40,000	123.25	40,000	278
Exercisable at the end of the year	40,000	123.25	26,666	278
ERSP 2012				
Outstanding at the beginning of the year			-	-
Option Granted during the year	48,914	10.00	69,286	10
Forteited during the year	-	-	-	-
Lapsed during the year	-	10.00	-	-
Exercised during the year	48,914	10.00	69,286	10
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

*Adjusted for bonus issue. Refer note 31

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

The following tables summarize information about the range of exercise price and weighted average remaining contractual life for the share options outstanding under various programs as at March 31, 2016:

Particulars	**As at March 31, 2016**		
	Number of options/ shares*	**Weighted average remaining contractual life (in years)**	**Range of exercise price* (in Rs)**
Program 2	18,360	0.67	12.5
Program 5	152,336	1.33	105.88-119.63
DSOP 2006	40,000	0.04	123.25

*Adjusted for bonus issue. Refer note 31

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the year was Rs 1,418 (Rs. 705, after bonus issue) using the Black-Scholes model with the following assumptions:

	Pre bonus issue	Post bonus issue
Weighted average grant date share price	Rs 1,435	Rs 717
Weighted average exercise price	Rs 10	Rs 10
Dividend yield %	0.22%	0.31%
Expected life	1-4 years	1-4 years
Risk free interest rate	7.43%	7.43%
Volatility	45.53%	45.53%

Expected volatility is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of ERSP 2012 plan

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 March 31, 2016 are given below:

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

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

Particulars	ERSP 2012 plan*
Outstanding units/shares, beginning of the year	308,000
Number of units/shares issued under letters of intent	94,250
Vested units/ shares	38,102
Lapsed units/ shares	4,448
Forfeited units/ shares	17,000
Cancelled units/ shares	-
Outstanding units/ shares as at the end of the year	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 31.
**Based on Letter of Intent

22. Operating leases

The Company has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to Rs 488 and Rs 372 respectively.

Future minimum lease payments under non-cancellable operating lease as at March 31, 2016 is as below:

Minimum lease payments	As at March 31, 2016	As at March 31, 2015
Payable – Not later than one year	372	414
Payable – Later than one year and not later than five years	475	585
Payable – Later than five years	258	286

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during year ended March 31, 2016 and March 31, 2015 amounted to Rs 378 and Rs 264 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 19.72% equity stake in Mindtree
Janaagraha Centre for Citizenship & Democracy	Entity with common key managerial person
Mindtree Foundation	Entity with common key managerial person

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

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	Year ended March 31, 2016	2015
Mysore Amalgamated Coffee Estate Ltd	Reimbursement of travel expenses	1	-
Mindtree Foundation	Donation paid	36	13
Janaagraha Centre for Citizenship & Democracy	Rendering software services	-	1
	Donation paid	4	4
Coffee Day Global Limited	Procurement of supplies	23	17
	Software services rendered	27	-
Tanglin Developments Limited	Leasing office buildings and land	375	321
	Advances/ deposits paid		
	- towards electricity deposit/ charges	-	9
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	16	51
	- towards lease rentals	172	156
	Interest on advance towards electricity charges/ deposit		
	- amount recovered	-	7
	- amount accrued	-	4

Balances payable to related parties are as follows:

Name of related party	As at March 31, 2016	As at March 31, 2015
Coffee Day Global Limited	1	-

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

Balances receivable from related parties are as follows:

Name of related party	**Nature of transactions**	**As at March 31, 2016**	**As at March 31, 2015**
Coffee Day Global Limited	Trade Receivables	25	-
Tanglin Developments Limited	Rental Advance	-	94
	Advance towards electricity charges	-	16
	Security deposit (including electricity deposit) returnable on termination of lease	298	375

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

Key Managerial Personnel:

Subroto Bagchi***	Executive Chairman
Krishnakumar Natarajan^	CEO and Managing Director
N.S. Parthasarathy	Executive Director, President and Chief Operating Officer
Rostow Ravanan^	Executive Director, Head – Europe, Service lines and Key Accounts
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

*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.

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

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 year ended March 31, 2016 and March 31, 2015 have been detailed below:

Particulars	**Year ended March 31, 2016**	**2015**
Whole-time directors		
Salaries	48	45
Contribution to Provident fund	2	1
Bonus and Incentives	49	50
Reimbursement of expenses	1	7
Share-Based payments as per IFRS 2	11	84
Total Remuneration	**111**	**187**
Non-whole-time directors		
Commission	24	37
Total Remuneration	**24**	**37**
Total	**135**	**224**

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 year ended March 31, 2016 and March 31, 2015 amounts to Rs 230 and Rs 173 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.

The details are provided below:

Sl. No.	**Nature of consideration**	**Amount (Rs)**	**Fair value (Rs)**	**Terms**
1.	Upfront cash consideration	581	581	
2.	Deferred	371	361	USD 4 million

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

	consideration			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

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

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

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.

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.

(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**
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 are fully expected to be collected.

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 others in the segmental reporting.

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

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 are fully expected to be 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 are fully expected to be 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 others in the segmental reporting.

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 five reportable business segments – RCM, BFSI, TMS, TH and Others. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

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	**Year ended March 31, 2016**	**2015**
Segment revenue		
RCM	9,460	7,720
BFSI	11,523	8,290
TMS	14,416	11,579
TH	7,160	5,835
Others	4,171	2,037
Total	**46,730**	**35,461**
Segment operating income		
RCM	2,040	1,486
BFSI	1,473	920
TMS	2,643	2,696
TH	1,243	1,124
Others	811	788
Total	**8,210**	**7,014**
Depreciation and Amortization expense	(1,648)	(1,024)
Profit for the period before finance expenses, other income and tax	**6,562**	**5,990**
Finance expenses	(161)	(2)
Other income/ (expense)	813	876
Net profit before taxes	**7,214**	**6,864**
Income taxes	(1,691)	(1,542)
Net profit after taxes	**5,523**	**5,322**

Other information	**For the year ended March 31, 2016**	**2015**
Other significant non-cash expense (Allocable)		
RCM	15	-
BFSI	29	1
TMS	33	-
TH	8	11
Others	-	-

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

Geographical information

Revenues	**Year ended March 31,**	
	2016	**2015**
America	29,727	21,915
Europe	12,343	8,968
India	1,408	1,336
Rest of World	3,252	3,242
Total	**46,730**	**35,461**

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 210, 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 March 31, 2016 is Rs 262 (March 31, 2015: Rs 508).

(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. As of the balance sheet date, the Group's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is given below:

Particulars	**As at March 31, 2016**	**As at March 31, 2015**
Receivable	11,638	6,669
Payable	(3,584)	(225)

33. The Company 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	**Year ended March 31,**	
	2016	**2015**
Grant towards workforce training	15	24
Total	**15**	**24**

The Group had availed a non-monetary 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	**Year ended March 31,**	
	2016	**2015**
Grant towards R & D credit	59	-
Total	**59**	**-**

As at March 31, 2016, the grant recognized in the balance sheet is Rs 59. (As at March 31, 2015: Nil)