

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(Rupees in millions, except share data)

	Note	As at September 30, 2017	As at March 31, 2017
Assets			
Goodwill	5b	4,544	4,470
Property, plant and equipment	4	3,672	3,991
Intangible assets	5a	1,719	1,941
Investments	6	58	58
Deferred tax assets	17	567	624
Non-current tax assets		1,218	1,130
Other non-current assets	9	900	1,072
Total non-current assets		12,678	13,286
Trade receivables	7	9,229	8,962
Other current assets	9	1,224	1,349
Unbilled revenues		3,031	1,885
Investments	6	6,330	5,869
Derivative assets		1	37
Cash and cash equivalents	8	1,595	2,508
Total current assets		21,410	20,610
Total assets		34,088	33,896
Equity			
Share capital		1,639	1,680
Share premium		-	1,444
Retained earnings		23,565	23,308
Other components of equity		8	(657)
Equity attributable to owners of the company		25,212	25,775
Total equity		25,212	25,775
Liabilities			
Loans and borrowings	13	9	13
Other non-current liabilities	15	86	301
Total non-current liabilities		95	314
Loans and borrowings	13	2,479	983
Trade payables and accrued expenses	14	1,518	1,651
Unearned revenue		693	505
Current tax liabilities		397	323
Derivative liabilities		24	-
Employee benefit obligations	16	801	686
Other current liabilities	15	2,338	3,149
Provisions	15	531	510
Total current liabilities		8,781	7,807
Total liabilities		8,876	8,121
Total equity and liabilities		34,088	33,896

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	Three months ended September 30,		(Rupees in millions, except share data) Six months ended September 30,	
		2017	2016	2017	2016
Revenues		13,316	12,954	26,211	26,230
Cost of revenues	19	(9,508)	(9,116)	(18,895)	(18,244)
Gross profit		3,808	3,838	7,316	7,986
Selling, general and administrative expenses	19	(2,718)	(2,677)	(5,247)	(5,340)
Results from operating activities		1,090	1,161	2,069	2,646
Foreign exchange gain/(loss)		120	(28)	139	60
Finance expenses		(25)	(47)	(65)	(98)
Finance and other income	18	475	195	1,107	303
Profit before tax		1,660	1,281	3,250	2,911
Income tax expense	17	(413)	(332)	(786)	(754)
Profit for the period		1,247	949	2,464	2,157
Attributable to:					
Owners of the Company		1,247	949	2,464	2,157
Non-controlling interests		-	-	-	-
		1,247	949	2,464	2,157
Earnings per equity share:	21				
Basic		7.46	5.65	14.70	12.85
Diluted		7.44	5.64	14.67	12.83
Weighted average number of equity shares used in computing earnings per equity share:					
Basic		167,250,538	167,877,259	167,640,238	167,847,094
Diluted		167,565,911	168,207,880	167,955,819	168,155,392

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Three months ended September 30,		(Rupees in millions, except share data) Six months ended September 30,	
	2017	2016	2017	2016
Profit for the period	1,247	949	2,464	2,157
Other comprehensive income, net of taxes				
Items that will not be reclassified to profit or loss				
- Defined benefit plan actuarial gains/ (losses)	(26)	(19)	(21)	(16)
Items that may be reclassified subsequently to profit or loss				
- Foreign currency translation difference relating to foreign operations	32	(221)	147	(327)
- Net change in fair value of Investments	-	-	-	(3)
Total other comprehensive income, net of taxes	<u>6</u>	<u>(240)</u>	<u>126</u>	<u>(346)</u>
Total comprehensive income for the period	<u>1,253</u>	<u>709</u>	<u>2,590</u>	<u>1,811</u>
Attributable to:				
Owners of the Company	1,253	709	2,590	1,811
Non-controlling interests	-	-	-	-
	<u>1,253</u>	<u>709</u>	<u>2,590</u>	<u>1,811</u>

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Other components of equity					Equity attributable to owners of the Company	Total equity
					Share based payment reserve	Special Economic Zone reinvestment reserve	Capital redemption reserve	Other reserves	Foreign Currency Translation Reserve		
Balance as at April 1, 2016	167,786,176	1,678	1,376	21,156	59	-	-	127	(217)	24,179	24,179
Issue of equity shares on exercise of options/ restricted shares	170,338	2	5	-	-	-	-	-	-	7	7
Profit for the period	-	-	-	2,157	-	-	-	-	-	2,157	2,157
Other comprehensive income	-	-	-	-	-	-	-	(19)	-	(19)	(19)
Transferred to securities premium reserve	-	-	35	-	(35)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	37	-	-	-	-	37	37
Cash dividend paid (including dividend tax thereon)	-	-	-	(590)	-	-	-	-	-	(590)	(590)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(327)	(327)	(327)
As at September 30, 2016	167,956,514	1,680	1,416	22,723	61	-	-	108	(544)	25,444	25,444
Balance as at April 1, 2016	167,786,176	1,678	1,376	21,156	59	-	-	127	(217)	24,179	24,179
Issue of equity shares on exercise of options/ restricted shares	239,370	2	6	-	-	-	-	-	-	8	8
Profit for the year	-	-	-	4,160	-	-	-	-	-	4,160	4,160
Other comprehensive income	-	-	-	-	-	-	-	(11)	-	(11)	(11)
Transferred to securities premium reserve	-	-	62	-	(62)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	54	-	-	-	-	54	54
Cash dividend paid (including dividend tax thereon)	-	-	-	(2,005)	-	-	-	-	-	(2,005)	(2,005)
Other adjustments	-	-	-	(3)	-	-	-	-	3	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(610)	(610)	(610)
As at March 31, 2017	168,025,546	1,680	1,444	23,308	51	-	-	116	(824)	25,775	25,775
Balance as at April 1, 2017	168,025,546	1,680	1,444	23,308	51	-	-	116	(824)	25,775	25,775
Issue of equity shares on exercise of options/ restricted shares	97,340	1	-	-	-	-	-	-	-	1	1
Profit for the period	-	-	-	2,464	-	-	-	-	-	2,464	2,464
Other comprehensive income	-	-	-	-	-	-	-	(21)	-	(21)	(21)
Created during the period	-	-	-	(632)	-	590	42	-	-	-	-
Utilised during the period	-	-	-	149	-	(149)	-	-	-	-	-
Buyback of equity shares (Refer note 11)	(4,224,000)	(42)	(1,481)	(1,117)	-	-	-	-	-	(2,640)	(2,640)
Transferred to securities premium reserve	-	-	37	-	(37)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	93	-	-	-	-	93	93
Cash dividend paid (including dividend tax thereon)	-	-	-	(607)	-	-	-	-	-	(607)	(607)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	147	147	147
As at September 30, 2017	163,898,886	1,639	-	23,565	107	441	42	95	(677)	25,212	25,212

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Rupees in millions, except share data)

Six months ended September 30,

	2017	2016
Cash flow from operating activities		
Profit for the period	2,464	2,157
Adjustments for :		
Depreciation of property, plant and equipment	635	633
Amortisation of intangibles	273	292
Amortization of stock compensation	93	37
Finance expenses	65	98
Income tax expense	786	753
Interest / dividend income	(78)	(58)
Loss/ (gain) on sale of property, plant and equipment	(5)	(5)
Net gain on financial assets designated at fair value through profit and loss	(262)	(163)
Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss	(677)	(45)
Unrealised exchange difference on liability towards acquisition of businesses	25	(61)
Unrealised exchange difference on derivatives	59	7
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(8)	(7)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(254)	370
Unbilled revenues	(1,147)	(74)
Other assets	333	335
Trade payables and accrued expenses	34	(230)
Unearned revenues	188	20
Other liabilities	318	(115)
Net cash provided by operating activities before taxes	2,842	3,944
Income taxes paid	(739)	(906)
Net cash provided by operating activities	2,103	3,038
Cash flow from investing activities		
Expenditure on property, plant and equipment	(520)	(604)
Proceeds from sale of property, plant and equipment	8	21
Payment of deferred consideration liabilities	(164)	(420)
Interest income received from Investments	32	31
Dividend income received	1	3
Purchase of Investments	(6,901)	(5,963)
Proceeds from sale of investments	6,702	4,641
Net cash used in/provided by investing activities	(842)	(2,291)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	7
Payment for buyback of shares	(2,640)	-
Finance expenses	(2)	(2)
Repayment of loans and borrowings	(40)	(419)
Proceeds from short-term borrowings	1,500	-
Dividends paid (including distribution tax)	(1,009)	(924)
Net cash used in financing activities	(2,190)	(1,338)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	16	1
Net (decrease)/increase in cash and cash equivalents	(913)	(590)
Cash and cash equivalents at the beginning of the period	2,508	1,937
Cash and cash equivalents at the end of the period (Note 8)	1,595	1,347

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

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shanghai) Co. Ltd, Bluefin Solutions Limited, Bluefin Solutions Sdn Bhd., and Magnet 360, LLC, Reside LLC, M360 Investments, LLC and Numercial Truth, LLC, collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS), Travel and Hospitality (TH). The Group offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in India, United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, South Africa, UAE, Netherlands, Canada, Belgium, France, Ireland, Poland 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 on October 25, 2017.

During the quarter ended September 30, 2017, the Reserve Bank of India has approved the proposal to transfer the business and net assets ("the Scheme") of its wholly owned subsidiary, Bluefin Solutions Limited, UK ('Bluefin') to the Company against cancellation and extinguishment of the Company's investment in Bluefin.

During the quarter ended June 30, 2017, the National Company Law Tribunal (NCLT) had approved the Composite Scheme of Amalgamation ("the Scheme") of Discoverture Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company (together "the Transferor Companies"), with the Company with an appointed date of April 1, 2015.

2. Basis of preparation of financial statements

(a) Statement of compliance

The consolidated interim financial statements as at and for the three and six months ended September 30, 2017 have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

(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 judgment

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 period 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 17.

Mindtree Limited and Subsidiaries

Notes to the consolidated financial statements

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

iii) Contingent consideration: Contingent consideration representing liability towards acquisition of business is reassessed at every reporting date. Any increase or decrease in the probability of achievement of financial targets would impact the measurement of the liability. Appropriate changes in estimates are made when the Management becomes aware of the circumstances surrounding the estimates

iv) Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection 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 Group'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 from 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 statement of subsidiaries 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 Group'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.

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(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 respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

(iv) Financial instruments

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

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

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

a) Non-derivative financial assets

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(i) Financial assets at amortised cost

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

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

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

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

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

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

(ii) Debt instruments at FVTOCI

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

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

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

(iii) Equity instruments at FVTOCI

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

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

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

(iv) Financial assets at FVTPL

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

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

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

b) Non-derivative financial liabilities

- (i) Financial liabilities at amortised cost: Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.
- (ii) Financial liabilities at FVTPL: Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the consolidated statement of profit or loss

c) Derivative financial instruments

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

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit or loss 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 profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated statement of profit or loss 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

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recognized in the statement of profit or loss and reported within foreign exchange gains/ (losses), net under results from operating activities.

(v) Property, plant and equipment

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

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

Category	Useful life
Buildings	5 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 Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit or loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated statement of profit or loss.

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

(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.

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

a) Goodwill

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

b) Intangible assets

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

The estimated useful lives of intangibles are as follows:

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

(vii) Leases

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

(viii) Impairment

a) Financial assets

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

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to

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provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

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

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b) Non-financial assets

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

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

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

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

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

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

(ix) Employee Benefits

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

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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

Employee contributions payable to the social security plans, which are a defined contribution scheme, are charged to the consolidated statement of profit or loss in the period in which the employee renders services.

b) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group 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 Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Group has applied IAS 19 (as revised in June 2011) Employee Benefits ('IAS 19R') and the related consequential amendments effective April 1, 2013. As a result, all actuarial gains or losses are immediately recognized in other comprehensive income and permanently excluded from profit or loss. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

c) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the statement of profit or loss.

(x) Share based payment transactions

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.

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

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

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

(xi) Provisions

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

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

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

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

(xii) Revenue

The Group derives revenue primarily from software development and related services. The Group recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

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

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b) Fixed-price contracts

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

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

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

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

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

c) Maintenance contracts

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

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

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

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

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

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(xiii) Finance income and expense

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

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

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

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

(xiv) Income taxes

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

a) Current income tax

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

b) Deferred income tax

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences.

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.

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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 (EPS)

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) Research and development costs

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

During the period of development, the asset is tested for impairment annually.

(xvii) 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 consolidated statement of profit or loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at fair value.

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New standards and interpretations not yet adopted

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

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

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

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

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4. Property, plant and equipment

Particulars	Land	Buildings	Computer systems	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2016	84	2,263	2,745	4,047	29	9,168
Additions	-	86	185	159	-	430
Disposal/Adjustments	-	-	93	13	-	106
Translation Adjustment Loss/(Gain)	-	-	9	1	-	10
As at September 30, 2016	84	2,349	2,828	4,192	29	9,482
Accumulated depreciation/impairment:						
As at April 1, 2016	7	353	1,990	2,653	14	5,017
Depreciation	-	97	291	241	4	633
Disposal/Adjustments	-	-	77	13	-	90
Translation Adjustment Loss/(Gain)	-	-	7	3	-	10
As at September 30, 2016	7	450	2,197	2,878	18	5,550
Capital work-in-progress						288
Net carrying value as at September 30, 2016	77	1,899	631	1,314	11	4,220
Gross carrying value:						
As at April 1, 2016	84	2,263	2,745	4,047	29	9,168
Additions	-	227	430	280	-	937
Disposal/Adjustments	-	-	125	35	-	160
Translation Adjustment Loss/(Gain)	-	-	16	5	-	21
As at March 31, 2017	84	2,490	3,034	4,287	29	9,924
Accumulated depreciation/impairment:						
As at April 1, 2016	7	353	1,990	2,653	14	5,017
Depreciation	1	207	569	488	8	1,273
Disposal/Adjustments	-	-	109	35	-	144
Translation Adjustment Loss/(Gain)	-	-	14	7	-	21
As at March 31, 2017	8	560	2,436	3,099	22	6,125
Capital work-in-progress						192
Net carrying value as at March 31, 2017	76	1,930	598	1,188	7	3,991
Gross carrying value:						
As at April 1, 2017	84	2,490	3,034	4,287	29	9,924
Additions	-	5	121	84	-	210
Disposal/Adjustments	-	6	155	10	2	173
Translation Adjustment Loss/(Gain)	-	-	(2)	-	-	(2)
As at September 30, 2017	84	2,489	3,002	4,361	27	9,963
Accumulated depreciation/impairment:						
As at April 1, 2017	8	560	2,436	3,099	22	6,125
Depreciation	-	114	269	250	2	635
Disposal/adjustments	-	6	153	12	2	173
Translation Adjustment Loss/(Gain)	-	-	(2)	-	-	(2)
As at September 30, 2017	8	668	2,554	3,337	22	6,589
Capital work-in-progress						298
Net carrying value as at September 30, 2017	76	1,821	448	1,024	5	3,672

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The depreciation expense for the period ended September 30, 2017 and September 30, 2016 is included in the following line items in the statement of profit or loss.

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Cost of revenues	292	274	584	555
Selling, general and administrative expenses	25	38	51	78
Total	317	312	635	633

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5. Intangible assets and Goodwill

a. Intangible assets

Particulars	Intellectual property	Computer software	Business Alliance Relationships	Customer Relationships	Non compete agreement	Vendor Relationship	Tradenname	Technology	Total Intangible Assets
Gross carrying value:									
As at April 1, 2016	67	1,023	71	1,413	54	728	318	268	3,942
Additions	-	16	-	-	-	-	-	-	16
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	87	-	20	18	(1)	124
As at September 30, 2016	67	1,039	71	1,326	54	708	300	269	3,834
Accumulated amortisation/impairment:									
As at April 1, 2016	66	926	21	204	7	48	18	20	1,310
Amortisation	-	46	9	154	5	49	16	13	292
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	26	-	6	3	(1)	34
As at September 30, 2016	66	972	30	332	12	91	31	34	1,568
Net carrying value as at September 30, 2016	1	67	41	994	42	617	269	235	2,266
Gross carrying value:									
As at April 1, 2016	67	1,023	71	1,413	54	728	318	268	3,942
Additions	-	40	-	-	-	-	-	-	40
Disposal/Adjustments	-	3	-	-	-	-	-	-	3
Translation Adjustment Loss/(Gain)	-	1	-	151	1	47	32	6	238
As at March 31, 2017	67	1,059	71	1,262	53	681	286	262	3,741
Accumulated amortisation/impairment:									
As at April 1, 2016	66	926	21	204	7	48	18	20	1,310
Amortisation	-	82	18	306	11	99	33	26	575
Disposal/Adjustments	-	3	-	-	-	-	-	-	3
Translation Adjustment Loss/(Gain)	-	(1)	-	61	-	16	6	-	82
As at March 31, 2017	66	1,006	39	449	18	131	45	46	1,800
Net carrying value as at March 31, 2017	1	53	32	813	35	550	241	216	1,941
Gross carrying value:									
As at April 1, 2017	67	1,059	71	1,262	53	681	286	262	3,741
Additions	-	8	-	-	-	-	-	-	8
Disposal/Adjustments	-	3	-	-	-	-	-	-	3
Translation Adjustment Loss/(Gain)	-	(1)	-	(30)	(1)	(10)	(7)	-	(49)
As at September 30, 2017	67	1,065	71	1,292	54	691	293	262	3,795
Accumulated amortisation/impairment:									
As at April 1, 2017	66	1,006	39	449	18	131	45	46	1,800
Amortisation	-	28	9	153	5	49	16	13	273
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	(2)	-	(1)	-	-	(3)
As at September 30, 2017	66	1,034	48	604	23	181	61	59	2,076
Net carrying value as at September 30, 2017	1	31	23	688	31	510	232	203	1,719
Estimated useful life (in years)	5.00	2 - 3	4	3 - 5	5	5 - 10	10	10	
Estimated remaining useful life (in years)	-	0.06 - 1.81	1.5	0.50 - 2.75	2.5 - 2.75	2.75 - 8.25	7.75 - 8.25	7.75	

The aggregate amount of research and development expense recognized in the statement of profit and loss for the period ended September 30, 2017 is Rs 217 (Rs 321 for the year ended March 31, 2017)

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The amortisation expense for the period ended September 30, 2017 and September 30, 2016 is included in the following line items in the statement of profit or loss.

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Cost of revenues	124	132	251	265
Selling, general and administrative expenses	11	13	22	27
Total	135	145	273	292

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b. Goodwill

Particulars	As at	As at
	September 30, 2017	March 31, 2017
Balance at the beginning of the period	4,470	4,815
Translation Adjustment Loss/(Gain)	(74)	345
Balance at the end of the period	4,544	4,470

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

The entire goodwill on acquisition of Discoverture is allocated to the operating segment “BFSI” and of RSI to the operating segment “RCM”.

The goodwill on acquisitions of Bluefin and Magnet has been allocated as follows:

Particulars	Bluefin	Magnet
RCM	1,749	757
BFSI	59	286
TMS	304	706
TH	40	39
Total	2,152	1,788

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

As of March 31, 2017, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The key assumptions used for the calculations are as follows:

	As at
	March 31, 2017
Discount rate	15.6% - 19.6%

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

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6. Investments

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

Cost and fair value of the above are as follows:

As at September 30, 2017 and March 31, 2017

Particulars	As at September 30, 2017	As at March 31, 2017
Non-current		
Investment in non-convertible bonds, unlisted equity securities		
Cost	59	59
Gross unrealised holding gains (losses)	(1)	(1)
Fair value	58	58
Current		
Investment in non-convertible bonds, term deposits, liquid and short-term mutual funds		
Cost	6,073	5,683
Gross unrealised holding gains	257	186
Fair value	6,330	5,869
Total Investments	6,388	5,927

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7. Trade receivables

Particulars	As at	As at
	September 30, 2017	March 31, 2017
Trade receivables	9,357	9,068
Allowance for doubtful trade receivable	(128)	(106)
Total	9,229	8,962

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

	Ageing			
	1-90 days	91-180 days	181-360 days	More than 360 days*
Default rate	0.2%	1.6%	25%	60%

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

Movement in the expected credit loss allowance:

Particulars	Six months ended September 30,	
	2017	2016
Balance at the beginning of the period	106	126
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	22	22
Provision at the end of the period	128	148

Particulars	Three months ended September 30,	
	2017	2016
Balance at the beginning of the period	105	128
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	23	20
Provision at the end of the period	128	148

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8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at September 30, 2017	As at March 31, 2017
Cash balances	-	-
Current and time deposits with banks #	1,595	2,508
Cash and cash equivalents in the interim statement of financial position	1,595	2,508
Book overdrafts used for cash management purposes (Refer note 15)	-	-
Cash and cash equivalents in the statement of cash flow	1,595	2,508

#Balance with banks amounting to Rs 11 and Rs 346 as of September 30, 2017 and March 31, 2017 respectively includes unpaid dividends and dividend payable.

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

9. Other assets

Particulars	As at September 30, 2017	As at March 31, 2017
Non-current		
Capital advances	53	27
Security deposits	692	667
Prepaid expenses	139	152
Service tax credit receivable	11	1
Others	5	225
	900	1,072
Current		
Prepaid expenses	470	760
Advance to employees	258	282
Advance to suppliers	187	39
Interest accrued and not due	17	21
Security deposits	15	12
Others	277	235
	1,224	1,349
Total	2,124	2,421

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10. Equity

a) Share capital and share premium

The Group has only one class of equity shares. The authorized share capital of the Group 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 Group is 163,898,886 equity shares of Rs 10 each amounting to Rs 1,639.

The Group 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 Group 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 Group 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.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group 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.

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 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 period ended September 30, 2017 and year ended March 31, 2017 was Rs 4 and Rs 10 respectively.

The Board of Directors at its meeting held on April 20, 2017 had recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The proposal was approved by shareholders at the Annual General Meeting held on July 18, 2017. This has resulted in a cash outflow of Rs 607 inclusive of dividend distribution tax of Rs 103. Also, the Board of Directors at its meeting held on October 25, 2017 have recommended an interim of 20% (Rs 2 per equity share of par value Rs 10 each) and special dividend of 20% (Rs 2 per equity share of par value Rs 10 each) due to completion of ten years of Initial Public Offering (IPO).

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b) Retained earnings

Retained earnings comprises of undistributed earnings. 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) Special Economic Zone reinvestment reserve

This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(II) of the Income Tax Act, 1961. The reserve should be utilized by the Group for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of Income Tax Act, 1961.

e) Capital redemption reserve

A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own shares pursuant to Section 69 of the Companies Act, 2013.

f) Other reserve

Changes in the fair value of equity instruments is recognized in other comprehensive income (net of taxes), and presented within equity in other reserve.

g) Foreign currency translation reserve

Exchange difference relating to the translation of the results and net assets of the company'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.

11.

- a) The Group 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.
- b) The Board of Directors of the Group at its meeting held on June 28, 2017, had approved buyback of up to 4,320,000 equity shares of Rs 10 each, on a proportionate basis, at a price of Rs 625 per equity share payable in cash for an aggregate consideration of upto Rs 2,700 (Rupees Two thousand seven hundred million only), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, GST, stamp duty, etc., by way of a Tender Offer, through Board approval route through Stock Exchange Mechanism. This is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, and other applicable laws and regulations.

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The administrative Committee at its meeting held on July 20, 2017 has approved the quantum of buyback of upto 4,224,000 equity shares of Rs 10 each on a proportionate basis, at a price of Rs 625 per equity share payable in cash for an aggregate consideration of upto Rs 2,640 (Rupees Two thousand six hundred and forty million only), excluding transaction costs.

During the quarter, the Group has bought back 4,224,000 equity shares of Rs 10 each on a proportionate basis, at a price of Rs 625 per equity share for an aggregate consideration of Rs 2,640 (Rupees Two thousand six hundred and forty million only), and completed the extinguishment of the equity shares bought back. Capital redemption reserve has been created to the extent of nominal value of share capital extinguished amounting to Rs 42 million. The buyback and creation of capital redemption reserve was effected by utilizing the securities-premium and free reserves.

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

12. 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 currently administers seven stock option programs, a restricted stock purchase plan and a phantom stock options plan.

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at September 30, 2017 and March 31, 2017.

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of Rs 50 per option (Rs. 12.5 per option post bonus issue). All stock options have a four-year vesting term and vest and become fully exercisable 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. 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.

Particulars	Three months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	1,400	12.50	13,720	12.50
Granted during the period	-	-	-	-
Exercised during the period	-	-	2,568	12.50
Lapsed during the period	-	-	280	12.50
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	1,400	12.50	10,872	12.50
Options vested and exercisable, end of the period	1,400	12.50	10,872	12.50

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Particulars	Six months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	1,680	12.50	18,360	12.50
Granted during the period	-	-	-	-
Exercised during the period	280	12.50	7,208	12.50
Lapsed during the period	-	-	280	12.50
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	1,400	12.50	10,872	12.50
Options vested and exercisable, end of the period	1,400	12.50	10,872	12.50

Program 3 [ESOP 2006 (a)]

This plan was terminated on October 25, 2006 and there are no options outstanding as at September 30, 2017 and March 31, 2017.

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 and become fully exercisable 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. 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. There are no outstanding options as at September 30, 2017 and March 31, 2017.

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.

Particulars	Three months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	145,456	105.88	152,336	106.50
Granted during the period	-	-	-	-
Exercised during the period	-	-	1,380	119.63
Lapsed during the period	145,456	105.88	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	150,956	106.38
Options vested and exercisable, end of the period	-	-	150,956	106.38

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Particulars	Six months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	145,456	105.88	152,336	106.50
Granted during the period	-	-	-	-
Exercised during the period	-	-	1,380	119.63
Lapsed during the period	145,456	105.88	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	150,956	106.38
Options vested and exercisable, end of the period	-	-	150,956	106.38

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 and become fully exercisable equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant. Each option is entitled to 1 equity share of Rs 10 each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Three months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

Particulars	Six months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	-	-	40,000	123.25
Granted during the period	-	-	-	-
Exercised during the period	-	-	40,000	123.25
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

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Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) have 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 September 30, 2017 and March 31, 2017.

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.

Particulars	Three months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding shares, beginning of the period	26,025	10.00	-	-
Granted during the period	-	-	143,030	10.00
Exercised during the period	-	-	121,750	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	26,025	10.00	21,280	10.00
Shares vested and exercisable, end of the period	26,025	10.00	21,280	10.00

Particulars	Six months ended September 30,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	-	-	-	-
Granted during the period	123,085	10.00	143,030	10.00
Exercised during the period	97,060	10.00	121,750	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	26,025	10.00	21,280	10.00
Options vested and exercisable, end of the period	26,025	10.00	21,280	10.00

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Other stock based compensation arrangements

The Group has also granted phantom stock options and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/units as at September 30, 2017 are given below:

Particulars	Phantom stock options plan
Total no. of units/ shares	1,195,000
Vested units/ shares	-
Lapsed units/ shares	537,750
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at end of the period	657,250
Contractual life	2 years
Date of grant	21-Oct-15
Price per share/ unit	Grant price of Rs 686

Particulars	ERSP 2012 Plan**
Outstanding units/shares as at the beginning of the period	200,200
Number of units/shares granted during the period under letters of intent issued	645,000
Vested units/ shares	123,085
Lapsed units/ shares	22,115
Forfeited units/ shares	75,000
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	625,000
Contractual life	1-4 years
Date of grant*	18-Jul-13, 12-May-15, 21-Oct-15, 27-Oct-15, 25-Feb-16, 24-Aug-16, 14-Apr-17
Price per share/ unit*	Exercise price of Rs 10

*Based on Letter of Intent

**Excludes direct allotment of shares

The following tables summarize information about the options/ shares outstanding under various programs as at September 30, 2017 and March 31, 2017.

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Particulars	As at September 30, 2017		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	1,400	0.01	12.50
ERSP 2012	26,025	0.01	10.00

Particulars	As at March 31, 2017		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	1,680	0.50	12.50
Program 5	145,456	0.33	105.88

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the period was Rs 442.9 using the Black-Scholes model with the following assumptions:

	As at September 30, 2017
Weighted average grant date share price	429.46
Weighted average exercise price	Rs 10
Dividend yield %	0.64%
Expected life	1-2 years
Risk free interest rate	6.39%
Volatility	28.31%

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13. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at September 30, 2017	As at March 31, 2017
Non-current		
Unsecured long-term loan and borrowings	9	13
	9	13
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	-	36
Short term borrowings	974	942
Unsecured bank loans	1,500	-
	2,479	983
Total	2,488	996

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 ended May 2011 and the Group 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.

Secured bank loans represents the working capital loan from HDFC Bank taken during the period.

Short term borrowings represent the commercial paper offering from HDFC Bank taken during the previous year ended March 31, 2017.

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14. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at	As at
	September 30, 2017	March 31, 2017
Trade payables	360	699
Accrued expenses	1,158	952
Total	1,518	1,651

15. Other liabilities and provisions

Particulars	As at	As at
	September 30, 2017	March 31, 2017
Non-current		
Others	86	301
	86	301
Current		
Book Overdraft	-	-
Advances from customers	141	67
Dividend payable (including dividend tax)**	-	404
Employee and other liabilities	1,405	1,300
Statutory dues payable	390	409
Other liabilities	402	969
	2,338	3,149
Total	2,424	3,450
Current Provisions		
Provision for discount	427	414
Provision for disputed dues*	83	81
Provision for post contract support services	9	8
Provision for foreseeable losses on contracts	12	7
Total	531	510

Note:

*Represents disputed tax dues provided pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with the relevant authority.

**Represents interim dividend declared on March 27, 2017

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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	Three months ended		Six months ended		For the year ended March 31, 2017
	September 30, 2017	2016	September 30, 2017	2016	
Balance at the beginning of the period	374	560	414	667	667
Provisions made during the period	156	131	266	237	462
Utilisations during the period	(101)	(103)	(250)	(305)	(663)
Released during the period	(2)	(29)	(3)	(40)	(52)
Provision at the end of the period	427	559	427	559	414

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 one year.

Particulars	Three months ended		Six months ended		For the year ended March 31, 2017
	September 30, 2017	2016	September 30, 2017	2016	
Balance at the beginning of the period	8	7	8	7	7
Provisions made during the period	1	-	1	-	1
Provision at the end of the period	9	7	9	7	8

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Provision for disputed dues

Particulars	Three months ended		Six months ended		For the year ended March 31, 2017
	September 30, 2017	2016	September 30, 2017	2016	
Balance at the beginning of the period	82	78	81	76	76
Provisions made during the period	1	1	2	3	5
Released during the period	-	-	-	-	-
Provision at the end of the period	83	79	83	79	81

Provision for foreseeable losses on contracts

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

Particulars	Three months ended		Six months ended		For the year ended March 31, 2017
	September 30, 2017	2016	September 30, 2017	2016	
Balance at the beginning of the period	62	16	7	-	-
Provisions made during the period	3	35	58	51	7
Released during the period	(53)	-	(53)	-	-
Provision at the end of the period	12	51	12	51	7

16. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at September 30, 2017	As at March 31, 2017
Gratuity	88	91
Compensated absences	713	595
Total	801	686

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17. Income tax expense

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Current taxes				
In respect of the current period	455	371	840	843
Deferred taxes				
In respect of the current period	(42)	(39)	(54)	(89)
Grand total	413	332	786	754

Income tax expense has been allocated as follows:

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Income tax expense as per the statement of profit or loss	413	332	786	754
Income tax included in other comprehensive income on:				
- Net loss / (gain) on investment in equity shares at FVTOCI	-	-	-	1
- Net loss/ (gain) on remeasurement of defined benefit plan	6	4	5	3
	6	4	5	4
Total	419	336	791	758

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

Particulars	Six months ended September 30,	
	2017	2016
Profit before tax	3,250	2,911
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	1,125	1,007
Effect of:		
Income exempt from tax	(672)	(609)
Temporary differences reversing during the tax holiday period	10	37
Expenses (net) that are not deductible in determining taxable profit	20	59
Different tax rates of branches operating in other jurisdictions	168	226
Income subject to different tax rates	67	14
Loss of foreign subsidiary	90	20
Others	(22)	-
Income tax expense recognised in the statement of profit or loss	786	754

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Particulars	Three months ended September 30,	
	2017	2016
Profit before tax	1,660	1,281
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	575	443
Effect of:		
Income exempt from tax	(326)	(283)
Temporary differences reversing during the tax holiday period	4	26
Expenses (net) that are not deductible in determining taxable profit	(17)	33
Different tax rates of branches operating in other jurisdictions	118	102
Income subject to different tax rates	67	-
Loss of foreign subsidiary	21	12
Others	(29)	(1)
Income tax expense recognised in the statement of profit or loss	413	332

The tax rates under Indian Income Tax Act, for the period ended September 30, 2017 and September 30, 2016 is 34.61% and 34.61% respectively.

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

Particulars	As at	As at
	September 30, 2017	March 31, 2017
Unused tax losses (long term capital loss) which expire in		
- FY 2016-17	-	2
- FY 2018-19	163	163
- FY 2019-20	34	34
- FY 2021-22	48	48
- FY 2022-23	28	28
- FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	134	149
Loss of foreign subsidiary	261	76

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The components of deferred tax assets are as follows:

Deferred tax assets/(liabilities) as at September 30, 2017 in relation to:

Particulars	As at April 1, 2017	Recognised in			As at September 30, 2017
		Recognised in profit and loss	Other Comprehensive Income	Others	
Property, plant and equipment	326	67	-	-	393
Provision for doubtful debts	14	5	-	-	19
Provision for compensated absence	262	(2)	-	-	260
Intangibles	(239)	25	-	-	(214)
Others	127	(16)	-	-	111
Net gain on fair value of mutual funds	(64)	(25)	-	-	(89)
MAT Credit entitlement	198	-	-	(111)	87
	624	54	-	(111)	567

Deferred tax assets/(liabilities) as at September 30, 2016 in relation to:

Particulars	As at April 1, 2016	Recognised in			As at September 30, 2016
		Recognised in profit and loss	Other Comprehensive Income	Others	
Property, plant and equipment	254	42	-	-	296
Provision for doubtful debts	22	1	-	-	23
Provision for compensated absence	203	65	-	-	268
Intangibles	(337)	39	-	-	(298)
Others	126	(13)	-	-	113
Net gain on fair value of mutual funds	(30)	(45)	-	-	(75)
FVTOCI financial investments	(1)	-	1	-	-
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the year	-	-	-	-	-
MAT Credit entitlement	198	-	-	(13)	185
	435	89	1	(13)	512

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Deferred tax assets/(liabilities) as at March 31, 2017 in relation to:

Particulars	As at April 1,	Recognised in			As at March 31,
	2016	Recognised in profit and loss	Other Comprehensive Income	Others	2017
Property, plant and equipment	254	72	-	-	326
Provision for doubtful debts	22	(8)	-	-	14
Provision for compensated absence	203	59	-	-	262
Intangibles	(337)	98	-	-	(239)
Others	126	1	-	-	127
Net gain on fair value of mutual funds	(30)	(34)	-	-	(64)
FVTOCI financial investments	(1)	-	1	-	-
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the year	-	-	-	-	-
MAT Credit entitlement	198	-	-	-	198
	435	188	1	-	624

The Group has units at Bengaluru, Hyderabad, Chennai and Bhubaneshwar registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

The Group also has STPI units at Bengaluru and Pune which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961.

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

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

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

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

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18. Finance and other income

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income on financial assets at amortised cost	16	30	77	55
Gain on sale of property, plant and equipment	1	3	5	5
Dividend income from investments in mutual funds	-	1	1	3
Net gain on financial assets designated at fair value through profit and loss	127	109	262	163
Reversal of liability towards acquisition of business*	303	-	677	-
Others	28	52	85	77
Total	475	195	1,107	303

*During the quarter, the Company has discharged earnout towards acquisition of business to the erstwhile shareholders of one of the subsidiaries and has reassessed the remaining liability. Consequently, Rs 303 representing liability previously recognized in this regard has been written back and has been recognised under other income.

During the quarter ended June 30, 2017, the Company had entered in to a payment resolution agreement with the erstwhile shareholders of one of the other subsidiary. Consequently, Rs 374 representing liability previously recognized in this regard has been written back and has been recognised under other income.

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19. Expenses by nature

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefits	9,001	8,526	17,394	16,892
Travel expenses	540	493	1,287	1,181
Communication expenses	191	189	381	368
Sub-contractor charges	785	791	1,574	1,595
Computer consumables	200	224	401	426
Legal and Professional charges	130	159	234	277
Power and fuel	70	80	157	171
Rent	239	247	471	490
Repairs to buildings	15	15	26	31
Repairs to machinery	12	8	23	23
Insurance	20	22	41	51
Rates and taxes	53	40	104	73
Other expenses	518	542	1,141	1,081
Depreciation charges - PPE	317	312	635	633
Impairment loss on goodwill and Amortisation charges	135	145	273	292
Total cost of revenues, selling, general and administrative expenses	12,226	11,793	24,142	23,584

20. Employee benefits

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Salaries and wages	8,384	7,987	16,198	15,796
Contribution to provident and other funds	536	467	1,020	941
Expense on employee stock based compensation	46	18	93	37
Staff welfare expenses	35	54	83	118
Total	9,001	8,526	17,394	16,892

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Cost of revenues	7,539	7,076	14,674	14,020
Selling, general and administrative expenses	1,462	1,450	2,720	2,872
Total	9,001	8,526	17,394	16,892

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Defined benefit plans

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

Particulars	Three months ended		Six months ended	
	2017	2016	2017	2016
Gratuity Cost				
Service cost	26	25	52	49
Net interest on net defined liability/(asset)	-	-	2	2
Re-measurement - actuarial gain/(loss) recognised in OCI	32	23	26	19
Net gratuity cost	58	48	80	70
Assumptions				
Interest rate	6.80%	6.80%	6.80%	6.80%
Salary increase	4.00%	4.00%	4.00%	4.00%

The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Particulars	As at September 30, 2017	As at March 31, 2017
Change in projected benefit obligations		
Obligations at the beginning of the period	591	517
Service cost	52	97
Interest cost	20	36
Benefits settled	(31)	(73)
Actuarial (gain)/loss - Experience	29	13
Actuarial (gain)/loss – demographic assumptions	-	3
Actuarial (gain)/loss – financial assumptions	-	(2)
Obligations at end of the period	661	591
Change in plan assets		
Plan assets at the beginning of the period, at fair value	500	376
Interest income on plan assets	18	32
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	3	4
Contributions	81	154
Benefits settled	(29)	(66)
Plan assets at the end of the period, at fair value	573	500

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Historical Information: -

Particulars	As at		As at March 31,		
	September 30, 2017	2017	2016	2015	2014
Present value of defined benefit obligation	(661)	(591)	(517)	(411)	(365)
Fair Value of Plan	573	500	376	396	363
Asset/ (liability) recognized	(88)	(91)	(141)	(15)	(2)

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	As at
	September 30, 2017	March 31, 2017
Experience adjustment on plan liabilities	29	14
Experience adjustment on plan assets	(3)	(4)

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 September 30, 2017		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(32)	36	(29)	32
Future salary growth (1% movement)	35	(32)	31	(29)

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Maturity profile of defined benefit obligation:

Particulars	As at	
	September 30, 2017	March 31, 2017
Within 1 year	101	98
1-2 years	113	104
2-3 years	124	110
3-4 years	141	119
4-5 years	148	129
5-10 years	704	605

The Group expects to contribute Rs 101 to its defined benefit plans during the next fiscal year.

As at September 30, 2017 and March 31, 2017, 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.

21. 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	Three months ended September 30, 2017		Three months ended September 30, 2016	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	167,250,538	167,250,538	167,877,259	167,877,259
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	315,373	-	330,621
Weighted average number of equity shares for calculation of earnings per share	167,250,538	167,565,911	167,877,259	168,207,880

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Particulars	Six months ended September 30, 2017		Six months ended September 30, 2016	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	167,640,238	167,640,238	167,847,094	167,847,094
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	315,581	-	308,298
Weighted average number of equity shares for calculation of earnings per share	167,640,238	167,955,819	167,847,094	168,155,392

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

Nature of expenses	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Grant towards workforce training	2	-	2	2
Total	2	-	2	2

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

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

Nature of expenses	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Grant towards R & D credit	-	12	12	18
Total	-	12	12	18

As at September 30, 2017, the grant recognized in the balance sheet is Rs 46 (As at March 31, 2017: Rs 33).

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23. Operating leases

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the three months and six months ended September 30, 2017 amounted to Rs 110 and Rs 217 respectively and September 30, 2016 amounted to Rs 120 and Rs 238 respectively.

Future minimum lease payments under non-cancellable operating lease as at September 30, 2017 is as below:

Minimum lease payments	As at September 30, 2017	As at March 31, 2017
Payable – Not later than one year	263	297
Payable – Later than one year and not later than five years	547	513
Payable – Later than five years	354	313

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the three and six months ended September 30, 2017 amounted to Rs 129 and Rs 254 respectively and September 30, 2016 amounted to Rs 127 and Rs 252 respectively.

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24. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2017, March 31, 2017 is as follows:

As at September 30, 2017

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	9,229	-	9,229	9,229
Unbilled revenue	-	3,031	-	3,031	3,031
Investments	5,870	510	8	6,388	6,388
Cash and cash equivalents	-	1,595	-	1,595	1,595
Derivative assets	1	-	-	1	1
Other assets	-	982	-	982	982
Total assets	5,871	15,347	8	21,226	21,226
Liabilities					
Loans and borrowings	-	2,488	-	2,488	2,488
Trade payables and accrued expenses	-	1,518	-	1,518	1,518
Derivative Liabilities	24	-	-	24	24
Contingent consideration	216	-	-	216	216
Other liabilities	-	1,562	-	1,562	1,562
Total liabilities	240	5,568	-	5,808	5,808

As at March 31, 2017

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	8,962	-	8,962	8,962
Unbilled revenue	-	1,885	-	1,885	1,885
Investments	5,159	760	8	5,927	5,927
Cash and cash equivalents	-	2,508	-	2,508	2,508
Derivative assets	37	-	-	37	37
Other assets	-	1,191	-	1,191	1,191
Total assets	5,196	15,306	8	20,510	20,510
Liabilities					
Loans and borrowings	-	996	-	996	996
Trade payables and accrued expenses	-	1,651	-	1,651	1,651
Derivative Liabilities	-	-	-	-	-
Contingent consideration	1,001	-	-	1,001	1,001
Other liabilities	-	1,862	-	1,862	1,862
Total liabilities	1,001	4,509	-	5,510	5,510

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

- i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- ii) The fair value of the quoted bonds and mutual funds are based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- iii) Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at September 30, 2017 was assessed to be insignificant.
- iv) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility/ the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- v) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.
- vi) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at September 30, 2017 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

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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 September 30, 2017, March 31, 2017:

As at September 30, 2017

Particulars	As at September 30, 2017	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	5,870	5,870	-	-
Investments in unlisted equity securities and preference shares	8	-	-	8
Derivative financial instruments-gain on outstanding foreign exchange forward	1	-	1	-
Liabilities				
Derivative financial instruments-loss on outstanding foreign exchange forward	24	-	24	-
Contingent consideration	216	-	-	216

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As at March 31, 2017

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	5,159	5,159	-	-
Investments in unlisted equity securities and preference shares	8	-	-	8
Derivative financial instruments-gain on outstanding foreign exchange forward and option	37	-	37	-
Liabilities				
outstanding foreign exchange forward and option contracts	-	-	-	-
Contingent consideration	1,001	-	-	1,001

There have been no transfers between level 1, level 2 and level 3 for the period ended September 30, 2017.

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

Particulars	As at September 30, 2017	As at March 31, 2017
Balance at the beginning of the period	8	12
Remeasurement recognised in OCI	-	(4)
Balance at the end of the period	8	8

Details of Income and interest expense are as follows:

Particulars	Six months ended September 30,	
	2017	2016
Income from Investments in mutual funds	262	163
Interest income on financial asset at amortized cost	77	55
Interest expense	(65)	(98)

Particulars	Three months ended September 30,	
	2017	2016
Income from Investments in mutual funds	127	109
Interest income on financial asset at amortized cost	16	30
Interest expense	(25)	(47)

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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 September 30, 2017	As at March 31, 2017
Non-designated derivative instruments (Sell)		
In US \$ millions	31	19
In Euro millions	2	1
In GBP millions	1	3

As at September 30, 2017 and March 31, 2017 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 September 30, 2017	As at March 31, 2017
Non-designated derivative instruments (Sell)		
Not later than 1 month		
in USD millions	11	9
in EUR millions	1	1
in GBP millions	1	1
Later than 1 month but not later than 3 months		
in USD millions	20	10
in EUR millions	1	-
in GBP millions	-	2

Financial risk management

The Group's activities expose it to a variety of financial risks: Credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's primary focus is to foresee the unpredictability

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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.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the 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 revenues generated from top customer and top 5 customers:

Particulars	Six months ended September 30,		Three months ended September 30,	
	2017	2016	2017	2016
Revenue from top customer	4,115	3,604	2,137	1,862
Revenue from top 5 customers	7,819	7,815	3,945	3,879

One customer accounted for more than 10% of the revenue during three and six months ended September 30, 2017 and September 30, 2016; however, none of the customers accounted for more than 10% of the receivables as at September 30, 2017 and September 30, 2016.

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 counterparties, and does not have any significant concentration of exposures to specific industry sectors.

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Liquidity risk

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

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

The working capital position of the Group is given below:

Particulars	As at September 30,	As at March 31,
	2017	2017
Cash and cash equivalents	1,595	2,508
Investments in mutual funds (quoted)	5,870	5,159
Investments in non-convertible bonds	-	100
Interest bearing deposits with corporates	460	610
Total	7,925	8,377

The table below provides details regarding the contractual maturities of significant financial liabilities as at September 30, 2017 and March 31, 2017:

Particulars	As at September 30, 2017		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	2,479	5	4
Trade payables and accrued expenses	1,518	-	-
Derivative Liabilities	24	-	-
Other liabilities	1,778	-	-

Particulars	As at March 31, 2017		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	983	5	8
Trade payables and accrued expenses	1,651	-	-
Derivative Liabilities	-	-	-
Other liabilities	2,633	230	-

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Foreign Currency risk

The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (in U.S. dollars). A significant portion of the Group's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The Group has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

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

The Group has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

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

In respect of the Group's forward 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 0.28 decrease and Rs 44 decrease in the Group's net profit as at September 30, 2017;
- b) an approximately Rs 72 increase and Rs 30 increase in the Group's net profit as at September 30, 2016;

The following table presents foreign currency risk from non-derivative financial instruments as of September 30, 2017 and March 31, 2017.

As at September 30, 2017					
Particulars	US \$	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	5,933	1,420	1,004	620	8,977
Unbilled Revenue	1,900	247	499	132	2,778
Cash and cash equivalents	585	118	163	321	1,187
Other assets	108	49	52	19	228
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	399	45	223	153	820
Other liabilities	689	27	295	22	1,033
Net assets/liabilities	7,438	1,762	1,200	917	11,317

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

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As at March 31, 2017

Particulars	US \$	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	6,068	851	991	774	8,684
Unbilled Revenue	1,204	111	325	179	1,819
Cash and cash equivalents	1,375	88	171	328	1,962
Other assets	95	30	39	23	187
Liabilities					
Loans and borrowings	36	-	-	-	36
Trade payables and accrued expenses	782	33	220	70	1,105
Other liabilities	1,439	31	535	27	2,032
Net assets/liabilities	6,485	1,016	771	1,207	9,479

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

For the three and six months ended September 30, 2017, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.3% / (0.2)% and 0.2% / (0.2)% respectively. For the three and six months ended September 30, 2016, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.2% / (0.3)% and 0.2% / (0.3)% respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with fixed interest rates and investments.

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 13 and 6 above.

Mindtree Limited and Subsidiaries
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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 September 30, 2017	As at March 31, 2017
Total equity attributable to the equity share holders of the Group	25,212	25,775
As percentage of total capital	91%	96%
Current loans and borrowings	2,479	983
Non-current loans and borrowings	9	13
Total loans and borrowings	2,488	996
As a percentage of total capital	9%	4%
Total capital (loans and borrowings and equity)	27,700	26,771

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 investment, which is predominantly investment in liquid and short-term mutual funds being far in excess of debt.

Mindtree Limited and Subsidiaries**Notes to the consolidated financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****25. 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 Sical Logistics Limited	These entities are part of Coffee Day Group which through various entities and its promoters holds 20.46% equity stake in Mindtree
Mindtree Foundation	Entity with common key managerial person

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	Three months ended September 30,	
		2017	2016
Mindtree Foundation	Donation paid	10	13
Sical Logistics Limited	Software Services rendered	1	-
Coffee Day Global Limited	Procurement of supplies	4	8
	Software services rendered	1	17
Tanglin Developments Limited	Leasing office buildings and land	104	101
	Advance/ deposits paid:		
	- towards electricity deposit/charges	-	-
	- towards lease rentals	106	117
	Advance/ deposits received back:		
- towards electricity deposit/charges	-	-	
- towards lease rentals	-	24	

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

Name of related party	Nature of transaction	Six months ended September 30,	
		2017	2016
Mindtree Foundation	Donation paid	25	25
Sical Logistics Limited	Software Services rendered	1	-
Coffee Day Global Limited	Procurement of supplies	7	10
	Software services rendered	(2)	24
Tanglin Developments Limited	Leasing office buildings and land	204	209
	Advance/ deposits paid:		
	- towards electricity deposit/charges	6	-
	- towards lease rentals	106	117
	Advance/ deposits received back:		
	- towards lease rentals	-	45

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Balances payable to related parties are as follows:

Name of related party	As at September 30, 2017	As at March 31, 2017
Coffee Day Global Limited	-	3

Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at September 30, 2017	As at March 31, 2017
Coffee Day Global Limited	Trade receivables	8	44
Sical Logistics Limited	Trade receivables	1	-
Tanglin Developments Limited	Short-term loans and advances		
	- Rental advance	106	-
	Long-term loans and advances		
	- Advance towards electricity charges	-	-
	- Security deposit (including electricity deposit) returnable on termination of lease	270	271

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

Key Managerial Personnel:

Krishnakumar Natarajan ¹	Executive Chairman
Rostow Ramanan	CEO and Managing Director
N.S. Parthasarathy	Executive Vice Chairman, President and Chief Operating Officer
Subroto Bagchi	Non-Executive Director
Apurva Purohit	Independent Director
Manisha Girotra	Independent Director
Prof. Pankaj Chandra	Independent Director
V.G.Siddhartha	Non-Executive Director
Milind Sarwate	Independent Director
Akshaya Bhargava	Independent Director
Jagannathan Chakravarthi	Chief Financial Officer
Vedavalli Sridharan	Company Secretary

Mindtree Limited and Subsidiaries
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¹The Board of Directors at their meeting held on January 19, 2017 have approved the extension of terms of employment of Mr. Krishnakumar Natarajan as Executive Chairman from July 01, 2017 to June 30, 2020 and the shareholders have approved the re-appointment at the Annual General Meeting on July 18, 2017

Transactions with key management personnel are as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the period ended September 30, 2017 and September 30, 2016 have been detailed below:

Particulars	Three months ended September 30,	
	2017	2016
Whole-time directors and executive officers		
Salaries	10	9
Contribution to Provident fund	1	1
Bonus and Incentives	11	9
Reimbursement of expenses	0	-
Share based payments as per IFRS 2	1	2
Total Remuneration	23	21
Non-whole-time directors		
Commission	4	9
Total Remuneration	4	9
Total	27	30

Particulars	Six months ended September 30,	
	2017	2016
Whole-time directors and executive officers		
Salaries	19	19
Contribution to Provident fund	1	1
Bonus and Incentives	21	22
Reimbursement of expenses	1	-
Share based payments as per IFRS 2	2	2
Total Remuneration	44	44
Non-whole-time directors		
Commission	8	13
Total Remuneration	8	13
Total	52	57

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 three and six months ended September 30, 2017 amounts to Rs 67 and Rs 112 respectively and for three and six months ended September 30, 2016 amounts to Rs 66 and Rs 110 respectively. Further, during the six months ended September 30, 2017, 4,665 shares were allotted to the key management personnel.

Mindtree Limited and Subsidiaries
Notes to the consolidated financial statements
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26. Contingent liabilities

- a) The Group has received income tax assessment order for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 respectively on account of certain disallowances/adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The 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.
- b) The Group has received income tax assessment order under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 563 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 and 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, Bengaluru.

The Group has received the order from ITAT for the FY 2005-06 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Group has a filed an appeal with Hon'ble High Court of Karnataka.

The Group has received the order from ITAT for the FY 2006-07 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Transfer Pricing Officer has passed the favorable order. Order giving effect to the ITAT order is received and demand is NIL.

Mindtree Limited and Subsidiaries

Notes to the consolidated financial statements

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The Group has received revised order for the FY 2008-09 under section 263 from Assessing Officer raising an additional demand of Rs 61, taking the total demand to 124. The Group has filed an appeal before ITAT. The order giving effect to the said order has been received and appeal is filed with Commissioner Appeals.

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.

- c) 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.

- d) The Group has received the revised order under section 263 for financial year 2009-10 from Assessing Officer reducing the demand to Rs 6. The Group has filed an appeal before ITAT. ITAT has dismissed the appeal. Order giving effect has been received. The group has filed an appeal before Commissioner of Income Tax (Appeals).
- e) The Group 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).
- f) During the period, the Group received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to Rs 250 on (a) full salary paid to International Workers and (b) special allowance paid to employees. Based on a legal advice obtained, the Group has assessed that it has a legitimate ground for appeal, and has contested the order by filing an appeal with the Employees' Provident Funds Appellate Tribunal.

27. Estimated amount of contracts remaining to be executed on capital account and not provided for as at September 30, 2017 is Rs 317 (March 31, 2017: Rs 242).

Mindtree Limited and Subsidiaries
Notes to the consolidated financial statements
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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 Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

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

Each segment item reported is measured at the measure, used to report to the Chief Operating Decision Maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

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

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

CODM does not review assets and liabilities at reportable segments level, hence segment disclosure relating to total assets and liabilities has not been provided. 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.

Mindtree Limited and Subsidiaries
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Industry Segments:

Statement of income	Three months ended September 30,	
	2017	2016
Segment revenue		
RCM	3,123	3,134
BFSI	3,288	3,204
TMS	4,971	4,748
TH	1,934	1,868
Total	13,316	12,954
Segment operating income		
RCM	366	324
BFSI	234	294
TMS	772	904
TH	170	96
Total	1,542	1,618
Depreciation and Amortization expense	(452)	(457)
Profit for the period before finance expenses, other income and tax	1,090	1,161
Finance expenses	(25)	(47)
Other income	459	165
Interest income	16	30
Foreign exchange gain/(loss)	120	(28)
Net profit before taxes	1,660	1,281
Income taxes	(413)	(332)
Net profit after taxes	1,247	949
Other information	Three months ended September 30,	
	2017	2016
Other significant non-cash expense (Allocable)		
RCM	(3)	22
BFSI	(9)	5
TMS	3	13
TH	(17)	15

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Statement of income	Six months ended September 30,	
	2017	2016
Segment revenue		
RCM	6,042	6,328
BFSI	6,523	6,510
TMS	9,862	9,539
TH	3,784	3,853
Total	26,211	26,230
Segment operating income		
RCM	555	821
BFSI	527	651
TMS	1,532	1,796
TH	363	303
Total	2,977	3,571
Depreciation and Amortization expense	(908)	(925)
Profit for the period before finance expenses, other income and tax	2,069	2,646
Finance expenses	(65)	(98)
Other income	1,030	248
Interest income	77	55
Foreign exchange gain/(loss)	139	60
Net profit before taxes	3,250	2,911
Income taxes	(786)	(754)
Net profit after taxes	2,464	2,157
Other information	Six months ended September 30,	
	2017	2016
Other significant non-cash expense (Allocable)		
RCM	36	28
BFSI	(9)	4
TMS	12	9
TH	(5)	33

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

	Three months ended		Six months ended	
	September 30,		September 30,	
Revenues	2017	2016	2017	2016
America	8,987	8,759	17,959	17,615
Europe	3,032	2,777	5,748	5,848
India	463	451	851	864
Rest of world	834	967	1,653	1,903
Total	13,316	12,954	26,211	26,230

Refer Note no. 24 on Financial Instruments for information on revenue from major customers

29. Subsequent to the quarter ended September 30, 2017, the Board of Directors at its meeting held on October 6, 2017 have approved the Scheme of Amalgamation (“the Scheme”) of its wholly owned subsidiary, Magnet 360 LLC with the Company with an appointed date of April 1, 2017. The Company is in the process of filing an application with the National Company Law Tribunal (NCLT). The Scheme will come into effect on approval from NCLT and other statutory authorities as may be required.