Mindtree Limited
Balance sheet

	Note	As at December 31, 2016	As at March 31, 2016	Rs in million As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	3,879	4,109	4,319
Capital work in progress		214	232	354
Other intangible assets	4	42	92	120
Financial assets	5			
Investments	5.1	8,582	8,586	1,071
Loans	5.2	663	651	613
Other financial assets	5.3	204	189	-
Deferred tax assets (Net)	16	793	734	545
Other non-current assets	6	1,337	1,292	1,158
		15,714	**15,885**	**8,180**
Current assets				
Financial assets	7			
Investments	7.1	5,056	2,266	5,490
Trade receivables	7.2	9,116	8,825	6,798
Cash and cash equivalents	7.3	719	1,924	3,669
Loans	7.4	12	37	136
Other financial assets	7.5	1,940	2,458	1,335
Other current assets	8	621	982	1,006
		17,464	**16,492**	**18,434**
TOTAL ASSETS		**33,178**	**32,377**	**26,614**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	9	1,680	1,678	837
Other equity	10	25,572	22,963	20,420
		27,252	**24,641**	**21,257**
Liabilities				
Non-current liabilities				
Financial liabilities	11			
Borrowings	11.1	14	18	23
Other financial liabilities	11.2	498	747	227
Other non-current liabilities	12	75	92	127
		587	**857**	**377**
Current liabilities				
Financial liabilities	13			
Borrowings	13.1	-	400	-
Trade payables		1,165	1,432	1,379
Other financial liabilities	13.2	1,885	2,668	1,995
Other current liabilities	14	905	833	587
Provisions	15	1,141	1,276	792
Current tax liabilities (Net)		243	270	227
		5,339	**6,879**	**4,980**
		5,926	**7,736**	**5,357**
TOTAL EQUITY AND LIABILITIES		**33,178**	**32,377**	**26,614**

See accompanying notes to the interim financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

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

V. Balaji
Partner
Membership Number: 203685

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date: January 19, 2017

Place: Bengaluru
Date: January 19, 2017

Mindtree Limited
Statement of profit and loss

Rs in millions, except per share data

	Note	For the quarter ended		For the nine months ended	
		December 31, 2016	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
Revenue from operations		11,758	11,159	35,563	31,387
Other income	17	136	160	569	714
Total income		**11,894**	**11,319**	**36,132**	**32,101**
Expenses					
Employee benefits expense	18	7,548	6,644	22,533	18,495
Finance costs	19	46	43	144	97
Depreciation and amortization expense	20	327	342	995	977
Other expenses	21	2,426	2,473	7,594	7,149
Total expenses		**10,347**	**9,502**	**31,266**	**26,718**
Profit before tax		**1,547**	**1,817**	**4,866**	**5,383**
Tax expense:					
Current tax	16	336	421	1,159	1,303
Deferred tax	16	27	(8)	(52)	(77)
Profit for the period		**1,184**	**1,404**	**3,759**	**4,157**
Other comprehensive income	25				
A) (i) Items that will not be reclassified to profit or loss		5	(3)	(18)	(28)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	4	5
B) (i) Items that will be reclassified to profit or loss		-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	-
Total other comprehensive income		**5**	**(3)**	**(14)**	**(23)**
Total comprehensive income for the period		**1,189**	**1,401**	**3,745**	**4,134**
Earnings per equity share:	23				
Basic		7.05	8.37	22.39	24.80
Diluted		7.04	8.35	22.35	24.73

See accompanying notes to the interim financial statements

As per our report of even date attached
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Company Secretary

Place: Bengaluru
Date: January 19, 2017

Place: Bengaluru
Date: January 19, 2017

Mindtree Limited
Statement of cash flow

	Rs in million	
	For the nine months ended December 31,	
	2016	**2015**
Cash flow from operating activities		
Profit for the period	3,759	4,157
Adjustments for :		
Income tax expense recognised in the statement of profit and loss	1,107	1,226
Depreciation and amortization expense	995	977
Expense on employee stock based compensation	55	83
Allowance for doubtful debt	33	31
Finance costs	144	97
Interest income on financial assets at amortised cost	(81)	(179)
Dividend income	(84)	(63)
Net gain on disposal of property, plant and equipment	(8)	(16)
Net gain on sale of investments in mutual funds	(57)	(15)
Net gain on financial assets designated at fair value through profit and loss	(184)	(85)
Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss	(45)	-
Unrealised exchange difference on liability towards acquisition of businesses	(67)	15
Unrealised exchange difference on derivatives	42	4
Income from government grant	(8)	(8)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(16)	(27)
Changes in operating assets and liabilities		
Trade receivables	(324)	(1,370)
Other assets	921	(97)
Trade payables	(115)	(22)
Other liabilities	133	(36)
Provisions	(135)	314
Net cash (used in)/ provided by operating activities before taxes	**6,065**	**4,986**
Income taxes paid	(1,289)	(1,479)
Net cash (used in)/ provided by operating activities	**4,776**	**3,507**
Cash flow from investing activities		
Purchase of property, plant and equipment	(839)	(1,259)
Proceeds from sale of property, plant and equipment	9	23
Payment towards acquisition of businesses	(420)	(20)
Purchase of business/ acquisition	-	(3,833)
Interest income on financial assets at amortised cost	41	205
Dividend income received	84	63
Purchase of financial instruments	(9,507)	(8,637)
Proceeds from sale of investment in mutual funds	6,958	9,719
Net cash (used in)/ provided by investing activities	**(3,674)**	**(3,739)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	7	25
Finance costs paid	(3)	(2)
Repayment of loans and borrowings	(405)	(5)
Dividends paid (including distribution tax)	(1,531)	(1,712)
Net cash (used in)/ provided by financing activities	**(1,932)**	**(1,694)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	16	27
Net decrease in cash and cash equivalents	(814)	(1,899)
Cash and cash equivalents at the beginning of the period	1,529	3,514
Cash and cash equivalents at the end of the period (Refer Note 7.3)	**715**	**1,615**

See accompanying notes to the interim financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

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

V. Balaji
Partner
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Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date: January 19, 2017

Place: Bengaluru
Date: January 19, 2017

Mindtree Limited

Statement of changes in equity for the nine months ended December 31, 2016

(a) Equity share capital	**(Rs. in million)** **Amount**
Balance at the April 1, 2015	837
Add: Shares issued on exercise of employee stock options and restricted shares	2
Add: Bonus shares issued	839
Balance at the March 31, 2016	1,678
Balance as at April 1, 2016	1,678
Add: Shares issued on exercise of employee stock options and restricted shares	2
Balance at the December 31, 2016	**1,680**

(b) Other equity

Particulars	**Share application money pending allotment**	**Reserves and Surplus (refer note 10)**					**Items of Other Comprehensive Income (refer note 10)**		**Total other equity**
		Capital reserve	**General reserve**	**Securities premium reserve**	**Share options outstanding account**	**Retained earnings**	**Equity instruments through other comprehensive**	**Other items of other comprehensive income**	
Balance as at April 1, 2015	**4**	**87**	**1,542**	**1,898**	**78**	**16,808**	**3**	**-**	**20,420**
Profit for the period	-		-	-	-	4,157	-	-	4,157
Other comprehensive income (net of taxes)	-	-	-	-		-	-	(23)	(23)
Issue of equity shares (Refer note 9)	-	-	-	59	-	-	-	-	59
Compensation cost related to employee share based payment	-	-	-	-	19	-	-	-	19
Cash dividends	-	-	-	-	-	(1,423)	-	-	(1,423)
Dividend distribution tax	-	-	-	-	-	(291)	-	-	(291)
Share issued against share application money	(4)	-	-	-		-	-	-	(4)
Balance as at December 31, 2015	**-**	**87**	**1,542**	**1,957**	**97**	**19,251**	**3**	**(23)**	**22,914**
Balance as at April 1, 2015	**4**	**87**	**1,542**	**1,898**	**78**	**16,808**	**3**	**-**	**20,420**
Profit for the year	-	-	-	-	-	5,810	-	-	5,810
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	(27)	(27)
Issue of equity shares (Refer note 9)	-	-	-	63	-	-	-	-	63
Amount utilised for bonus shares	-	-	-	(839)	-	-	-	-	(839)
Compensation cost related to employee share based payment	-	-	-	-	29	-	-	-	29
Cash dividends	-	-	-	-	-	(2,095)	-	-	(2,095)
Dividend distribution tax	-	-	-	-	-	(394)	-	-	(394)
Share issued against share application money	(4)	-	-	-	-	-		-	(4)
Balance as at March 31, 2016	**-**	**87**	**1,542**	**1,122**	**107**	**20,129**	**3**	**(27)**	**22,963**
Balance as at April 1, 2016	**-**	**87**	**1,542**	**1,122**	**107**	**20,129**	**3**	**(27)**	**22,963**
Profit for the period	-	-	-	-	-	3,759	-	-	3,759
Other comprehensive income (net of taxes)	-	-	-	-	-	-	(3)	(11)	(14)
Issue of equity shares (Refer note 9)	-	-	-	5	-	-	-	-	5
Amount utilised for bonus shares	-	-	-	-	-	-	-	-	-
Transferred to securities premium reserve	-	-	-	97	(97)	-	-	-	-
Compensation cost related to employee share based payment (Refer	-	-	-	-	55	-	-	-	55
Cash dividends (Refer note 10.1)	-	-	-	-	-	(1,007)	-	-	(1,007)
Dividend distribution tax (Refer note 10.1)	-	-	-	-	-	(189)	-	-	(189)
Share issued against share application money	-	-	-	-	-	-		-	-
Balance at the December 31, 2016	**-**	**87**	**1,542**	**1,224**	**65**	**22,692**	**-**	**(38)**	**25,572**

See accompanying notes to the interim financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

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Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date: January 19, 2017

Place: Bengaluru
Date: January 19, 2017

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter and nine months ended December 31, 2016
(Rupees in millions, except share and per share data, unless otherwise stated)

1. Company overview

Mindtree Limited (‘Mindtree’ or ‘the Company’) is an international Information Technology consulting and implementation company that delivers business solutions through global software development. The Company is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS) and Travel and Hospitality (TH). The Company offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in India, United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, South Africa, UAE, Netherlands, Canada, Belgium, France, Ireland and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The financial statements were authorized for issuance by the Company’s Board of Directors on January 19, 2017.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

For all the periods upto and including quarter and the year ended March 31, 2016, the Company had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP). Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 36.

(b) Basis of measurement

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

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

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

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

i) *Revenue recognition:* The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future 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 16.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the 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 Company’s estimate of equity instruments that will eventually vest.

2.2 Summary of significant accounting policies

(i) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the “functional currency”). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the 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 and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

(iii) Investment in subsidiaries

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

(iv) Financial instruments

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

For the purpose of subsequent measurement, financial instruments of the Company 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*

(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 (SPPI) on the principal amount outstanding.

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

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, book overdraft and are considered part of the Company's cash management system.

(ii) Debt instruments at FVTOCI

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

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

(b) the asset's contractual cash flow represent SPPI

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain loss in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the effective interest rate (EIR) 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 Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

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

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

b) *Non-derivative financial liabilities*

(i) Financial liabilities at amortised cost

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

(ii) Financial liabilities at FVTPL

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

c) *Derivative financial instruments*

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

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

(i) Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction .

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

(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 Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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

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

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

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

(vi) Intangible assets

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

The estimated useful lives of intangibles are as follows:

Category	**Useful life**
Intellectual property	5 years
Computer software	2 years

(vii) Leases

Leases under which the Company 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 and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(viii) Impairment

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent 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 Company in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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 Company does not reduce impairment allowance from the gross carrying amount.

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

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

(ix) Employee benefit

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

The Company has the following employee benefit plans:
a) Social security plans

Employees contributions payable to the social security plan, which is a defined contribution scheme, are charged to the statement of profit and loss in the period in which the employee renders services.

b) Gratuity

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

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

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

c) Compensated absences

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

(x) Share based payments

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

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

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

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

(xi) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting 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 Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(xii) Revenue

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

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

b) Fixed-price contracts

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

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

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the 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 Company has applied the guidance in Ind AS 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 Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18.

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

(xiii) Warranty provisions

The Company provides warranty provisions on all its products sold. A liability is recognised at the time the product is sold. The Company does not provide extended warranties or maintenance contracts to its customers.

(xiv) Finance income and expense

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

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

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and 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.

(xv) Income tax

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

a) Current income tax

Current income tax 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 Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred income tax

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(xvi) Earnings per share

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

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 period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(xvii) Government grants

Grants from the government are recognised when there is reasonable assurance that:
(i) the Company will comply with the conditions attached to them; and
(ii) the grant will be received.

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

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized at government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

New standards and interpretations not yet adopted

Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015.

The 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 has been currently deferred. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

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

3 Property, plant and equipment

Particulars	Land	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
Gross carrying value										
At April 1, 2015	**97**	**3,621**	**1,067**	**225**	**731**	**2,037**	**521**	**257**	**28**	**8,584**
Additions	-	384	63	-	144	440	62	126	-	**1,219**
Disposals / adjustments	-	(13)	-	-	(12)	(44)	(1)	(36)	-	**(106)**
At December 31, 2015	**97**	**3,992**	**1,130**	**225**	**863**	**2,433**	**582**	**347**	**28**	**9,697**
At April 1, 2015	**97**	**3,621**	**1,067**	**225**	**731**	**2,037**	**521**	**257**	**28**	**8,584**
Additions	-	417	170	-	156	631	121	139	-	1,634
Disposals / adjustments	(13)	(992)	-	-	(78)	(68)	(32)	(49)	-	(1,232)
At March 31, 2016	**84**	**3,046**	**1,237**	**225**	**809**	**2,600**	**610**	**347**	**28**	**8,986**
At April 1, 2016	**84**	**3,046**	**1,237**	**225**	**809**	**2,600**	**610**	**347**	**28**	**8,986**
Additions	-	211	18	42	17	341	79	8	-	716
Disposals / adjustments	-	-	-	-	(5)	(115)	(15)	-	-	(135)
At December 31, 2016	**84**	**3,257**	**1,255**	**267**	**821**	**2,826**	**674**	**355**	**28**	**9,567**
Accumulated depreciation										
At April 1, 2015	**8**	**1,105**	**574**	**218**	**488**	**1,398**	**319**	**150**	**5**	**4,265**
Depreciation expense	1	165	115	-	83	402	81	29	7	**883**
Disposals / adjustments	-	(6)	-	-	(12)	(44)	(1)	(36)	-	**(99)**
At December 31, 2015	**9**	**1,264**	**689**	**218**	**559**	**1,756**	**399**	**143**	**12**	**5,049**
At April 1, 2015	**8**	**1,105**	**574**	**218**	**488**	**1,398**	**319**	**150**	**5**	**4,265**
Depreciation expense	1	216	157	-	114	550	111	41	9	1,199
Disposals / adjustments	(1)	(360)	-	-	(77)	(68)	(32)	(49)	-	(587)
At March 31, 2016	**8**	**961**	**731**	**218**	**525**	**1,880**	**398**	**142**	**14**	**4,877**
At April 1, 2016	**8**	**961**	**731**	**218**	**525**	**1,880**	**398**	**142**	**14**	**4,877**
Depreciation expense	-	150	134	32	66	412	90	40	6	930
Disposals / adjustments	-	-	-	-	(5)	(99)	(15)	-	-	(119)
At December 31, 2016	**8**	**1,111**	**865**	**250**	**586**	**2,193**	**473**	**182**	**20**	**5,688**
Net carrying value December 31, 2016	**76**	**2,146**	**390**	**17**	**235**	**633**	**201**	**173**	**8**	**3,879**
Net carrying value March 31, 2016	**76**	**2,085**	**506**	**7**	**284**	**720**	**212**	**205**	**14**	**4,109**
Net carrying value December 31, 2015	**88**	**2,728**	**441**	**7**	**304**	**677**	**183**	**204**	**16**	**4,648**
Net carrying value April 01, 2015	**89**	**2,516**	**493**	**7**	**243**	**639**	**202**	**107**	**23**	**4,319**

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter and nine months ended December 31, 2016
(Rupees in millions, except share and per share data, unless otherwise stated).

4 Other intangible assets

Particulars	Intellectual property	Computer software	Total
Gross carrying value			
At April 1, 2015	**67**	**921**	**988**
Additions	-	72	72
Disposals / adjustments	-	(5)	(5)
At December 31, 2015	**67**	**988**	**1,055**
At April 1, 2015	**67**	**921**	**988**
Additions	-	90	90
Disposals / adjustments	-	(5)	(5)
At March 31, 2016	**67**	**1,006**	**1,073**
At April 1, 2016	**67**	**1,006**	**1,073**
Additions	-	15	15
Disposals / adjustments	-	-	-
At December 31, 2016	**67**	**1,021**	**1,088**
Accumulated depreciation			
At April 1, 2015	**65**	**803**	**868**
Amortisation expense	2	92	94
Disposals / adjustments	-	(5)	(5)
At December 31, 2015	**67**	**890**	**957**
At April 1, 2015	**65**	**803**	**868**
Amortisation expense	2	116	118
Disposals / adjustments	-	(5)	(5)
At March 31, 2016	**67**	**914**	**981**
At April 1, 2016	**67**	**914**	**981**
Amortisation expense	-	65	65
Disposals / adjustments	-	-	-
At December 31, 2016	**67**	**979**	**1,046**
Net carrying value December 31, 2016	**-**	**42**	**42**
Net carrying value March 31, 2016	**-**	**92**	**92**
Net carrying value December 31, 2015	**-**	**98**	**98**
Net carrying value April 01, 2015	**2**	**118**	**120**
Estimated useful life (in years)	NA	2	
Estimated remaining useful life (in years)	NA	0.05 - 1.74	

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

Non-current assets

5 Financial assets

5.1 Investments

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
1) Investment in equity instruments (unquoted)			
Wholly owned subsidiaries			
Mindtree Software (Shanghai) Co., Ltd (‘MSSCL’)	14	14	14
1,104,124 (March 31, 2016: 1,104,124 and April 1, 2015: Nil) fully paid equity shares of £0.001 each in Bluefin Solutions Limited ('Bluefin')	3,981	3,981	-
1,000 (March 31, 2016: 1,000 and April 1, 2015: Nil) fully paid equity shares in Relational Solutions, Inc. ('RSI')	522	522	-
	4,517	**4,517**	**14**
Others			
2400 (March 31, 2016: 2400 and April 1, 2015: 2400) equity shares in Career Community.com Limited	-	-	-
950,000 (March 31, 2016: 950,000 and April 1, 2015: 950,000) equity shares of Re.1 each in NuvePro Technologies Private Limited	1	1	1
12,640 (March 31, 2016: 12,640 and April 1, 2015: 12,640) equity shares in Worldcast Technologies Private Limited	-	-	-
	1	**1**	**1**
2) Investment in wholly owned limited liability company (unquoted)			
Discoverture Solutions L.L.C. ('Discoverture')	1,045	1,045	1,045
Magnet 360, L.L.C. ('Magnet')	2,962	2,962	-
	4,007	**4,007**	**1,045**
3) Investment in preference shares (unquoted)			
643,790 (March 31, 2016: 643,790 and April 1, 2015: 643,790) Series A Convertible Preferred Stock at US$ 0.0001 each fully paid at premium of US $ 0.2557 each in 30 Second Software Inc	7	11	11
	7	**11**	**11**
4) Investment in non-convertible bonds (quoted)			
50 (March 31, 2016: 50 and April 1, 2015: 50) secured redeemable non-convertible bonds of Rs 1 million each in the nature of promissory notes in PNB Housing Finance Limited	50	50	-
	50	**50**	**-**
Total	**8,582**	**8,586**	**1,071**
Aggregate book value of quoted investments	**50**	**50**	**-**
Aggregate market value of quoted investments	**50**	**50**	**-**
Aggregate value of unquoted investments	**8,532**	**8,536**	**1,071**
Aggregate amount of impairment in value of investments	**1**	**1**	**1**

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

On July 16, 2015, the Company acquired 100% of equity interest in Bluefin, thereby obtaining control. Bluefin provides SAP based business and technology consulting services. It offers SAP implementation and integration services; and business advisory services in areas of business growth strategy, operational excellence, business change management and information technology excellence. The acquisition of Bluefin will enable the Group to increase its foot print in SAP implementation and integration space.

The acquisition was executed through stock purchase agreement to acquire 100% of the equity interest in Bluefin. The fair value of purchase consideration of Rs 3,981 comprised upfront cash consideration of Rs 3,379 and contingent consideration of Rs 602.

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 20.3% and probability adjusted revenue and earnings estimates.

On July 16, 2015, the Company acquired 100% of equity interest in RSI, thereby obtaining control. RSI develops data warehouses and business intelligence solutions. The acquisition of RSI will enable the Group to increase its foot print in development of data warehouses and business intelligence solutions space. The acquisition was executed through common stock purchase agreement to acquire 100% of equity interest in RSI.

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

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 23.4% and probability adjusted revenue and earnings estimates.

On January 19, 2016, the Company acquired 100% of membership interest in Magnet, thereby obtaining control. Magnet provides Sales force multi-cloud implementation strategies and consulting services. It assesses go-to-market goals of organizations and specializes in multi-cloud, marketing automation and community cloud solutions. The acquisition of Magnet will enable the Group to increase its foot print in sales force multi-cloud implementation space.

The acquisition was executed through unit purchase agreement to acquire 100% of the membership interest in Magnet. The fair value of purchase consideration of Rs 2,962 comprised upfront cash consideration of Rs 2,526 and contingent consideration of Rs 436.

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 17.7% and probability adjusted revenue and earnings estimates.

5.2 Loans

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
(Unsecured considered good)			
Security deposits*	663	651	613
Total	**663**	**651**	**613**

* Include balances from related parties Rs. 270 as at December 31, 2016 (As at March 31, 2016: Rs. 270 and April 1, 2015: Rs. 270). Refer note 31 for related party balances.

5.3 Other financial assets

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Other receivable	204	189	-
Total	**204**	**189**	**-**

6 Other non-current assets

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Capital advances	30	42	107
Advance income-tax including tax deducted at source (net of provision for taxes)	1,030	926	834
Prepaid expenses	152	170	201
Service tax receivable	109	138	-
Others	16	16	16
Total	**1,337**	**1,292**	**1,158**

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

Current assets

7 Financial assets

7.1 Investments

Particulars	As at December 31, 2016		As at March 31, 2016		As at April 1, 2015	
Investments in mutual funds (quoted)						
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**	**No of units**	**Amount**
ICICI Prudential Mutual Fund	26,218,940	514	17,401,890	325	28,722,324	487
IDFC Mutual Fund	24,737,587	456	16,285,532	198	37,530,726	439
UTI Mutual Fund	6,470,631	189	3,456,138	64	13,456,138	169
Birla Sun Life Mutual Fund	7,283,648	364	14,185,302	234	20,007,295	477
Reliance Mutual Fund	22,011,430	562	17,651,564	335	23,725,772	446
Axis Mutual Fund	2,874,120	161	-	-	100,840	104
Tata Mutual Fund	22,420,521	598	21,243,549	361	36,229,022	460
SBI Mutual Fund	5,646,405	206	5,597,950	98	13,787,278	368
Sundaram Mutual Fund	1,472,776	42	-	-	-	-
L & T Mutual Fund	10,666,406	282	-	-	98,576	100
HDFC Mutual Fund	26,959,772	579	3,635,659	191	27,872,023	425
Bank of India AXA Mutual Fund	14,259,519	201	10,000,000	110	10,000,000	101
Kotak Mutual Fund	5,996,105	128	-	-	5,681,936	58
JP Morgan India Mutual Fund	-	-	-	-	16,989,901	190
IDBI Mutual Fund	40,680	70	-	-	254,281	257
DSP Blackrock Mutual Fund	12,798,616	174	-	-	14,790,537	352
Franklin Templeton Mutual Fund	-	-	-	-	11,695,643	310
DHFL Pramerica Mutual Fund (DHFL)*	3,375,869	60	-	-	4,483,697	47
Total		**4,586**		**1,916**		**4,790**
Investment in non-convertible bonds (quoted)						
Secured redeemable non-convertible debentures in Kotak Mahindra Prime Limited	-	-	50	50	-	-
Secured redeemable non-convertible debentures in Kotak Mahindra Investments Limited	100	100	50	50	-	-
Total		**100**		**100**		**-**
Investments in term deposits (unquoted)						
Interest bearing deposits with:-						
-IL&FS Limited		-		100		-
-Bajaj Finance Limited		210		50		-
-Kotak Mahindra Investments Limited		50		50		-
-LIC Housing Finance Limited		-		50		-
-HDFC Limited		110		-		700
Total		**370**		**250**		**700**
Grand Total		**5,056**		**2,266**		**5,490**
Aggregate carrying amount of quoted investments		**4,686**		**2,016**		**4,790**
Aggregate market value of quoted investments		**4,686**		**2,016**		**4,790**
Aggregate amount of unquoted investments		**370**		**250**		**700**

* DWS Mutual Fund merged with DHFL

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

7.2 Trade receivables

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
(Unsecured)			
Considered good	9,116	8,825	6,798
Considered doubtful	135	102	81
Less: Allowance for doubtful debts	(135)	(102)	(81)
Total	**9,116**	**8,825**	**6,798**

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

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

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

7.3 Cash and cash equivalents

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Cash on hand	-	-	-
Balances with banks in current accounts and deposit accounts*	710	1,581	3,664
Other bank balances**	9	343	5
Cash and cash equivalents as per balance sheet	**719**	**1,924**	**3,669**
Book overdrafts used for cash management purposes (Refer note 13.2)	(4)	(395)	(155)
Cash and cash equivalents as per statement of cash flow	**715**	**1,529**	**3,514**

Note:

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

**Other bank balances represent earmarked balances in respect of unpaid dividends.

7.4 Loans

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
(Unsecured, considered good)			
Security deposits*	12	37	136
Total	**12**	**37**	**136**

* Include balances from related parties Rs. Nil as at December 31, 2016 (As at March 31, 2016: Rs. 28 and April 1, 2015: Rs. 121). Refer note 31 for related party balances.

7.5 Other financial assets

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Advances to employees	271	436	252
Less: Provision for doubtful advances to employees	(14)	(20)	(20)
	257	416	232
Accrued income	18	19	99
Derivative assets	13	53	24
Unbilled revenue	1,505	1,830	980
Other receivables	147	140	-
Total	**1,940**	**2,458**	**1,335**

8 Other current assets

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Advance to supplier*	122	94	249
Prepaid expenses	366	725	527
Others	133	163	230
Total	**621**	**982**	**1,006**

* Include balances from related parties Rs. 51 as at December 31, 2016 (As at March 31, 2016: Rs. Nil and April 1, 2015: Rs. 94). Refer Note 31 for related party balances.

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

9 Equity share capital

a)

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Authorised			
800,000,000 (March 31, 2016: 800,000,000 and April 1, 2015: 800,000,000) equity shares of Rs 10/- each	8,000	8,000	8,000
Issued, subscribed and paid-up capital			
167,992,150 (March 31, 2016: 167,786,176 and April 1, 2015: 83,732,372) equity shares of Rs 10/- each fully paid	1,680	1,678	837
Total	**1,680**	**1,678**	**837**

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

Particulars	**As at December 31, 2016**		**As at March 31, 2016**		**As at April 1, 2015**	
	No of shares	**Rs**	**No of shares**	**Rs**	**No of shares**	**Rs**
Number of shares outstanding at the beginning of the period	167,786,176	1,678	83,732,372	837	41,689,731	417
Add: Shares issued on exercise of employee stock options and restricted shares	205,974	2	160,716	2	276,980	2
Add: Bonus shares issued *	-	-	83,893,088	839	41,765,661	418
Number of shares outstanding at the end of the period	167,992,150	1,680	167,786,176	1,678	83,732,372	837

*Refer note 9 (e).

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

Terms/rights attached to equity shares

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

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

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

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

	As at December 31, 2016		**As at March 31, 2016**		**As at April 1, 2015***	
Name of the shareholder	**Number of shares**	**%**	**Number of shares**	**%**	**Number of shares**	**%**
1. Coffee Day Enterprises Limited	17,461,768	10.4%	17,461,768	10.4%	8,730,884	10.4%
2. Nalanda India Fund Limited	15,796,356	9.4%	15,796,356	9.4%	7,898,178	9.4%
3. Coffee Day Trading Limited	10,594,244	6.3%	10,594,244	6.3%	5,297,122	6.3%

* Pre bonus issue

e) In the period of five years immediately preceding December 31, 2016:

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

ii) The Company has not bought back any equity shares.

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

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

f) Employee stock based compensation

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Company currently administers seven stock option programs, a restricted stock purchase plan and a phantom stock option plan.

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at December 31, 2016, March 31, 2016 and April 1, 2015.

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	Quarter ended December 31,			
	2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the quarter	10,872	12.50	13,826	25.00
Granted during the quarter	-	-	-	-
Exercised during the quarter	-	-	2,572	25.00
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding options, end of the quarter	**10,872**	**12.50**	**11,254**	**25.00**
Options vested and exercisable, end of the quarter	10,872	12.50	11,254	25.00

*Pre bonus issue. Refer note 9(e).

Particulars	Nine months ended December 31,			
	2016		2015*	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	18,360	12.50	23,072	25.00
Granted during the period	-	-	-	-
Exercised during the period	7,208	12.50	10,524	25.00
Lapsed during the period	280	12.50	1,294	25.00
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**10,872**	**12.50**	**11,254**	**25.00**
Options vested and exercisable, end of the period	10,872	12.50	11,254	25.00

*Pre bonus issue. Refer note 9(e).

Program 3 [ESOP 2006 (a)]

This plan was terminated on October 25, 2006 and there are no options outstanding as at December 31, 2016, March 31, 2016 and April 1, 2015.

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.

Particulars	Quarter ended December 31,			
	2016		2015*	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Outstanding options, beginning of the quarter	-	-	15,000	260.00
Granted during the quarter	-	-	-	-
Exercised during the quarter	-	-	15,000	260.00
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding options, end of the quarter	-	-	-	-
Options vested and exercisable, end of the quarter	-	-	-	-

*Pre bonus issue. Refer note 9(e).

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

Particulars	Nine months ended December 31, 2016		Nine months ended December 31, 2015*	
	Number of Share options	**Weighted average Exercise Price**	**Number of Share options**	**Weighted average Exercise Price**
Outstanding options, beginning of the period	-	-	74,000	265.07
Granted during the period	-	-	-	-
Exercised during the period	-	-	74,000	265.07
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

*Pre bonus issue. Refer note 9(e).

Program 5 [ESOP 2008A]

Options under this program were 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	Quarter ended December 31, 2016		Quarter ended December 31, 2015*	
	Number of Share options	**Weighted average Exercise Price**	**Number of Share options**	**Weighted average Exercise Price**
Outstanding options, beginning of the quarter	150,956	106.38	76,168	212.99
Granted during the quarter	-	-	-	-
Exercised during the quarter	5,500	119.63	-	-
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding options, end of the quarter	**145,456**	**105.88**	**76,168**	**212.99**
Options vested and exercisable, end of the quarter	145,456	105.88	76,168	212.99

*Pre bonus issue. Refer note 9(e).

Particulars	Nine months ended December 31, 2016		Nine months ended December 31, 2015*	
	Number of Share options	**Weighted average Exercise Price**	**Number of Share options**	**Weighted average Exercise Price**
Outstanding options, beginning of the period	152,336	106.50	83,076	215.18
Granted during the period	-	-	-	-
Exercised during the period	6,880	119.63	6,908	239.25
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**145,456**	**105.88**	**76,168**	**212.99**
Options vested and exercisable, end of the period	145,456	105.88	76,168	212.99

*Pre bonus issue. Refer note 9(e).

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	Quarter ended December 31, 2016		Quarter ended December 31, 2015*	
	Number of Share options	**Weighted average Exercise Price**	**Number of Share options**	**Weighted average Exercise Price**
Outstanding options, beginning of the quarter	-	-	40,000	278.00
Granted during the quarter	-	-	-	-
Exercised during the quarter	-	-	20,000	309.50
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding options, end of the quarter	-	**-**	**20,000**	**246.50**
Options vested and exercisable, end of the quarter	-	-	20,000	246.50

*Pre bonus issue. Refer note 9(e).

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

Particulars	Nine months ended December 31, 2016		Nine months ended December 31, 2015*	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Outstanding options, beginning of the period	40,000	123.25	40,000	278.00
Granted during the period	-	-	-	-
Exercised during the period	40,000	123.25	20,000	309.50
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**-**	**-**	**20,000**	**246.50**
Options vested and exercisable, end of the period	-	-	20,000	246.50

*Pre bonus issue. Refer note 9(e).

Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) have been received by the Company 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 December 31, 2016, March 31, 2016 and April 1, 2015.

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	Quarter ended December 31, 2016		Quarter ended December 31, 2015*	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Outstanding options, beginning of the quarter	21,280	10.00	4,958	10.00
Granted during the quarter	35,232	10.00	14,562	10.00
Exercised during the quarter	30,136	10.00	15,770	10.00
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding options, end of the quarter	**26,376**	**10.00**	**3,750**	**10.00**
Options vested and exercisable, end of the quarter	26,376	10.00	3,750	10.00

*Pre bonus issue. Refer note 9(e).

Particulars	Nine months ended December 31, 2016		Nine months ended December 31, 2015*	
	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	178,262	10.00	48,914	10.00
Exercised during the period	151,886	10.00	45,164	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**26,376**	**10.00**	**3,750**	**10.00**
Options vested and exercisable, end of the period	26,376	10.00	3,750	10.00

*Pre bonus issue. Refer note 9(e).

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

Other Stock Based Compensation Arrangements

The Company 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 grant/issue as at December 31, 2016 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 the 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	342,700
Number of units/shares covered under letters of intent	80,000
Vested units/ shares	143,030
Lapsed units/ shares	4,970
Forfeited units/ shares	-
Cancelled units/ shares	42,000
Outstanding units/shares as at the end of the period	**232,700**
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
Price per share/ unit*	Exercise price of Rs. 10

*Based on Letter of Intent

**Does not include direct allotment of shares

The following tables summarize information about the options/ shares outstanding under various programs as at December 31, 2016, March 31, 2016 and April 1, 2015 respectively:

Particulars	As at December 31, 2016		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	10,872	0.19	12.50
Program 5	145,456	0.58	105.88
ERSP	26,376	0.08	10.00

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

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

Particulars	As at April 1, 2015* Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	23,072	0.70	25.00
Program 4	74,000	0.32	265.07
Program 5	83,076	2.32	215.18
DSOP 2006	40,000	1.10	278.00

*Pre bonus issue. Refer note 9(e).

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the quarter and nine months was Rs 418.78 and Rs.501.21 using the Black-Scholes model with the following assumptions:

Particulars	As at December 31, 2016
Weighted average grant date share price	526.23
Weighted average exercise price	Rs 10
Dividend yield %	2.62%
Expected life	1-2 years
Risk free interest rate	6.75%
Volatility	89.10%

10	Other equity	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
a)	**Capital reserve** Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	87	87	87
b)	**Securities premium reserve** Amounts received on issue of shares in excess of the par value has been classified as securities premium.	1,224	1,122	1,898
c)	**General reserve** This represents appropriation of profit by the Company.	1,542	1,542	1,542
d)	**Retained earnings** Retained earnings comprise of the Company's prior years' undistributed earnings after taxes.	22,692	20,129	16,808
e)	**Share option outstanding account** The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.	65	107	78
f)	**Equity Instruments through other comprehensive income** Changes in the fair value of equity instruments is recognized in equity instruments through other comprehensive income (net of taxes), and presented within other equity.	-	3	3
g)	**Other items of other comprehensive income** Other items of other comprehensive income consist of currency translation, fair value changes on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset.	(38)	(27)	-
h)	**Share application money pending allotment**	-	-	4
	Total	**25,572**	**22,963**	**20,420**

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

10.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the period ended December 31, 2016, year ended March 31, 2016 and March 31, 2015 was Rs 6, Rs 23 and Rs 17 respectively.

The Board of Directors at its meeting held on April 18, 2016 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 19, 2016, this has resulted in a cash outflow of Rs 589, inclusive of corporate dividend tax of Rs 86. Also, the Board of Directors at its meeting held on October 21, 2016 had declared an interim dividend of 30% (Rs 3 per equity share of par value of Rs 10 each) and the same was paid during the quarter ended December 31, 2016. Further, the Board of Directors at its meeting held on January 19, 2017 have declared an interim dividend of 20% (Rs 2 per equity share of par value of Rs 10 each).

Non- current liabilities

11 Financial liabilities

11.1 Borrowings

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
(Unsecured)			
Other loans*	14	18	23
Total	**14**	**18**	**23**

*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 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 from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

The loan carries an effective interest rate of 3% p.a and is repayable in full on June 2021. There is no default in the repayment of the principal loan and interest amounts.

11.2 Other financial liabilities

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Liability towards acquisition of businesses	498	747	227
Total	**498**	**747**	**227**

12 Other non-current liabilities

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Other liabilities*	75	92	127
Total	**75**	**92**	**127**

*Includes deferred revenue arising from Government grant as at December 31, 2016 Rs 3 (As at March 31, 2016 Rs 11 and April 1, 2015 Rs 21).

Current liabilities

13 Financial liabilities

13.1 Borrowings

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
(Secured)			
Other loans from bank	-	400	-
Total	**-**	**400**	**-**

Note :Borrowings represents the packing credit loan from bank secured against receivables, which has been repaid during the period ended December 31, 2016.

13.2 Other financial liabilities

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt*	5	5	5
Interest accrued but not due on borrowings*	-	1	1
Book overdraft	4	395	155
Unpaid dividends	8	7	5
Dividend payable	-	336	-
Employee benefits payable	1,320	1,239	1,595
Derivative liabilities	4	1	3
Liability towards acquisition of businesses	544	684	231
Total	**1,885**	**2,668**	**1,995**

* The details of interest rates, repayment and other terms are disclosed under note 11.1.

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

14 Other current liabilities

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Unearned income	411	230	226
Statutory dues (including provident fund and tax deducted at source)	306	368	281
Advances from customer	51	42	27
Gratuity payable (net)*	83	134	14
Others**	54	59	39
Total other current liabilities	**905**	**833**	**587**

* Refer note 18 for details of gratuity plan as per Ind AS 19.

** Includes deferred revenue arising from Government grant as at December 31, 2016 Rs. 10 (As at March 31, 2016 Rs. 10 and April 1, 2015 Rs. 10).

15 Provisions

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at April 1, 2015**
Provision for post contract support services	8	7	5
Provision for discount	457	663	367
Provision for compensated absences	565	530	352
Provision for foreseeable losses on contracts	31	-	-
Provision for disputed dues*	80	76	68
Total Provisions	**1,141**	**1,276**	**792**

Note:

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

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

Provision for post contract support services

Provision for post contract support services represents cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized within a period of 1 year.

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**		**For the year ended March 31,**
	2016	**2015**	**2016**	**2015**	**2016**
Balance at the beginning of the period	7	6	7	5	5
Provisions made during the period	1	-	1	1	2
Utilisations during the period	-	-	-	-	-
Released during the period	-	-	-	-	-
Provision at the end of the period	**8**	**6**	**8**	**6**	**7**

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	**For the quarter ended December 31,**		**For the nine months ended December 31,**		**For the year ended March 31,**
	2016	**2015**	**2016**	**2015**	**2016**
Balance at the beginning of the period	553	492	663	367	367
Provisions made during the period	143	111	376	357	486
Utilisations during the period	(235)	(27)	(541)	(146)	(172)
Released during the period	(4)	-	(41)	(2)	(18)
Provision at the end of the period	**457**	**576**	**457**	**576**	**663**

Provision for foreseeable losses on contracts

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

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**		**For the year ended March 31,**
	2016	**2015**	**2016**	**2015**	**2016**
Balance at the beginning of the period	51	-	-	-	-
Provisions made during the period	(20)	-	31	-	-
Utilisations during the period	-	-	-	-	-
Released during the period	-	-	-	-	-
Provision at the end of the period	**31**	**-**	**31**	**-**	**-**

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

Provision for disputed dues

Particulars	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015	For the nine months ended December 31, 2016	For the nine months ended December 31, 2015	For the year ended March 31, 2016
Balance at the beginning of the period	79	73	76	68	68
Provisions made during the period	1	1	4	6	8
Utilisations during the period	-	-	-	-	-
Released during the period	-	-	-	-	-
Provision at the end of the period	**80**	**74**	**80**	**74**	**76**

16 Income tax

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

Particulars	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015	For the nine months ended December 31, 2016	For the nine months ended December 31, 2015
Current income tax:				
In respect of the current period	336	421	1,159	1,303
Deferred tax				
In respect of the current period	27	(8)	(52)	(77)
Income tax expense recognised in the statement of profit or loss	**363**	**413**	**1,107**	**1,226**
Income tax recognised in other comprehensive income				
- Deferred tax arising on income and expense recognised in other comprehensive income				
Net loss / (gain) on remeasurement of defined benefit plan	-	-	3	5
Net loss / (gain) on investment in equity shares at FVTOCI	-	-	1	-
Total	**-**	**-**	**4**	**5**

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

Particulars	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015	For the nine months December 31, 2016	For the nine months December 31, 2015
Profit before tax	1,547	1,817	4,866	5,383
Enacted income tax rate in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	535	629	1,684	1,863
Effect of:				
Income that is exempt from tax	(224)	(262)	(833)	(855)
Temporary differences reversed during the tax holiday period	(20)	(2)	17	23
Expenses that are not deductible in determining taxable profit	36	10	73	26
Different tax rates of branches operating in other jurisdictions	42	18	138	114
Others	(6)	20	28	55
Income tax expense recognised in the statement of profit and loss	**363**	**413**	**1,107**	**1,226**

The tax rates under Indian Income Tax Act, for the quarter and nine months ended December 31, 2016 and December 31, 2015 is 34.61%.

Deferred tax

Deferred tax assets/(liabilities) as at December 31, 2016 in relation to:

Particulars	April 1, 2016	Recognised in profit and loss	Recognised in Other Comprehensive Income	Recognised directly in equity	December 31, 2016
Property, plant and equipment	250	60	-	-	310
Provision for doubtful debts	22	8	-	-	30
Provision for compensated absence	201	12	-	-	213
Provision for volume discount	73	(22)	-	-	51
Net gain on fair value of mutual funds	(56)	(25)	-	-	(81)
FVTOCI financial investments	(1)	-	1	-	-
MAT Credit entitlement	198	-	-	3	201
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the period	6	-	3	-	9
Others	41	19	-	-	60
Total	**734**	**52**	**4**	**3**	**793**

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

Deferred tax assets/(liabilities) as at March 31, 2016 in relation to:

Particulars	April 1, 2015	Recognised in profit and loss	Recognised in Other Comprehensive Income	Recognised directly in equity	March 31, 2016
Property, plant and equipment	205	45	-	-	250
Provision for doubtful debts	16	6	-	-	22
Provision for compensated absence	117	84	-	-	201
Provision for volume discount	39	34	-	-	73
Net gain on fair value of mutual funds	(49)	(7)	-	-	(56)
FVTOCI financial investments	(1)	-	-	-	(1)
MAT Credit entitlement	146	-	-	52	198
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the year	-	-	6	-	6
Others	72	(31)	-	-	41
Total	**545**	**131**	**6**	**52**	**734**

Deferred tax assets/(liabilities) as at December 31, 2015 in relation to:

Particulars	April 1, 2015	Recognised in profit and loss	Recognised in Other Comprehensive Income	Recognised directly in equity	December 31, 2015
Property, plant and equipment	205	3	-	-	208
Provision for doubtful debts	16	8	-	-	24
Provision for compensated absence	117	29	-	-	146
Provision for volume discount	39	24	-	-	63
Net gain on fair value of mutual funds	(49)	4	-	-	(45)
FVTOCI financial investments	(1)	-	-	-	(1)
MAT Credit entitlement	146	-	-	4	150
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the period	-	-	5	-	5
Others	72	9	-	-	81
Total	**545**	**77**	**5**	**4**	**631**

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

Particulars	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Unused tax losses(long term capital loss) which expire in:			
-FY 2016-17	2	2	2
-FY 2018-19	163	163	163
-FY 2019-20	34	34	34
-FY 2021-22	48	48	48
-FY 2022-23	28	28	-
-FY 2023-24	22	-	-
Unused tax losses of foreign jurisdiction	156	152	158

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

The Company also has STPI units at Bengaluru and Pune which are registered as 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 Company's India operations are exempt from Indian income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from 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 Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

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

17 Other income

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2016	**2015**	**2016**	**2015**
Dividend income from investments in mutual funds	1	14	4	63
Dividend income from subsidiaries	-	-	80	-
Net gain on sale of investments in mutual funds	22	5	57	15
Net gain on financial assets designated at fair value through profit and loss	56	14	184	85
Foreign exchange gain/ (loss)	23	82	69	340
Interest income on financial assets at amortised cost	27	37	81	179
Others *	7	8	94	32
Total	**136**	**160**	**569**	**714**

* Includes net gain on disposal of property, plant and equipment for the quarter and nine months ended December 31, 2016 Rs 3 and Rs 8 respectively and December 31, 2015 Rs 5 and Rs 16 and also includes income from government grants for the quarter and nine months ended December 31, 2016 Rs 3 and Rs 8 respectively and December 31, 2015 Rs 3 and Rs 8 respectively.

18 Employee benefits expense

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2016	**2015**	**2016**	**2015**
Salaries and wages	7,082	6,191	21,133	17,291
Contribution to provident and other funds*	395	351	1,179	989
Expense on employee stock based compensation (Refer note 9)	18	41	55	83
Staff welfare expenses	53	61	166	132
Total	**7,548**	**6,644**	**22,533**	**18,495**

* Includes contribution to defined contribution plan for the quarter and nine months ended December 31, 2016 Rs 370 and Rs 1,103 respectively (for the quarter and nine months ended December 31, 2015: Rs 327 and Rs 921 respectively)

Gratuity

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

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2016	**2015**	**2016**	**2015**
Gratuity cost				
Service cost	24	24	73	68
Net interest on net defined liability/(asset)	1	-	3	-
Re-measurement - actuarial (gain)/loss recognised in OCI	(5)	2	14	27
Net gratuity cost	**20**	**26**	**90**	**95**
Assumptions				
Interest rate	6.70%	7.90%	6.70%	7.90%
Salary increase	4.00%	5.00%	4.00%	5.00%

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

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

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

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

Particulars	**As at**		
	December 31, 2016	**March 31, 2016**	**April 1, 2015**
Change in projected benefit obligations			
Obligations at the beginning of the period	513	413	365
Service cost	73	91	81
Interest cost	27	29	29
Benefits settled	(58)	(50)	(55)
Actuarial (gain)/loss - experience	12	30	(7)
Actuarial (gain)/loss – demographic assumptions	2	-	-
Actuarial (gain)/loss – financial assumptions	1	-	-
Obligations at end of the period	**570**	**513**	**413**
Change in plan assets			
Plan assets at the beginning of the period, at fair value	375	395	363
Interest income on plan assets	24	32	29
Re-measurement - actuarial gain/(loss)	-	(6)	5
Return on plan assets greater/(lesser) than discount rate	1	4	53
Contributions	142	-	-
Benefits settled	(55)	(50)	(55)
Plan assets at the end of the period at fair value	**487**	**375**	**395**

Historical information: -

Particulars	**As at December 31, 2016**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**	**As at March 31, 2013**
Present value of defined benefit obligation	(570)	(513)	(413)	(365)	(324)
Fair value of plan assets	487	375	395	363	313
Asset/ (liability) recognized	**(83)**	**(138)**	**(18)**	**(2)**	**(11)**

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

Particulars	**As at**		
	December 31, 2016	**March 31, 2016**	**April 1, 2015**
Experience adjustment on plan liabilities	12	55	32
Experience adjustment on plan assets	(1)	2	6

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 December 31, 2016		**As at March 31, 2016**		**As at April 1, 2015**	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(28)	31	(26)	29	(21)	24
Future salary growth (1% movement)	30	(28)	28	(26)	23	(21)

Maturity profile of defined benefit obligation:

Particulars	**As at**		
	December 31, 2016	**March 31, 2016**	**April 1, 2015**
Within 1 year	94	77	68
1-2 year	99	86	77
2-3 year	107	95	85
3-4 year	116	101	96
4-5 year	126	117	108
5-10 year	590	603	565

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

The Company expects to contribute Rs 83 to its defined benefit plans during the next fiscal year.

As at December 31, 2016, March 31, 2016 and April 1, 2015, 100% of the plan assets were invested in insurer managed funds.

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

19 Finance costs

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2016	2015	2016	2015
Interest expense on financial instrument designated at				
- Fair value through profit and loss	45	43	142	95
- Amortised cost	1	-	2	2
Total	**46**	**43**	**144**	**97**

20 Depreciation and amortization expense

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2016	2015	2016	2015
Depreciation of property, plant and equipment (note 3)	306	314	930	883
Amortization of other intangible assets (note 4)	21	28	65	94
Total	**327**	**342**	**995**	**977**

21 Other expenses

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2016	2015	2016	2015
Travel expenses	461	504	1,518	1,621
Communication expenses	180	175	531	458
Sub-contractor charges	641	676	2,078	1,885
Computer consumables	187	145	593	436
Legal and professional charges	136	149	386	355
Power and fuel	73	78	244	237
Lease rentals (Refer note 26)	200	200	609	591
Repairs and maintenance				
- Buildings	10	11	38	41
- Machinery	15	10	38	28
Insurance	20	16	63	43
Rates and taxes	39	33	110	123
Other expenses	464	476	1,386	1,331
Total	**2,426**	**2,473**	**7,594**	**7,149**

22 Auditor's remuneration

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2016	2015	2016	2015
As auditor:				
Audit fee	4	4	13	13
Taxation matters	-	1	1	1
Other services	1	-	2	2
Reimbursement of expenses and levies	-	1	2	1
Total	**5**	**6**	**18**	**17**

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

23 Earnings per share (EPS)

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

Particulars	For the quarter ended			
	December 31, 2016		December 31, 2015*	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	167,972,219	167,972,219	167,709,200	167,709,200
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	270,909	-	462,873
Weighted average number of equity shares for calculation of earnings per share	167,972,219	168,243,128	167,709,200	168,172,073

Particulars	For the nine months ended			
	December 31, 2016		December 31, 2015*	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	167,888,954	167,888,954	167,605,475	167,605,475
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	274,791	-	474,531
Weighted average number of equity shares for calculation of earnings per share	167,888,954	168,163,745	167,605,475	168,080,006

*In accordance with Ind AS on Earnings per share, basic and diluted earnings per share is adjusted for bonus issue for previous period presented.

24 Government grants

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

Nature of expenses	For the quarter ended		For the nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Grant towards workforce training	1	8	3	9
Total	**1**	**8**	**3**	**9**

b) The Company had availed a grant of USD 950,000 for renovation of project facility in the financial year 2011-2012. 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.

25 Components of Other Comprehensive Income (OCI)

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

During the quarter ended December 31, 2016

Particulars	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	5	5
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	-	5	5
B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Total	**-**	**5**	**5**

During the nine months ended December 31, 2016

Particulars	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	(14)	(14)
Gain/(loss) on equity instruments designated at FVTOCI	(4)	-	(4)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1	3	4
	(3)	(11)	(14)
B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Total	**(3)**	**(11)**	**(14)**

During the quarter ended December 31, 2015

Particulars	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	(3)	(3)
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	-	(3)	(3)
B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Total	**-**	**(3)**	**(3)**

During the nine months ended December 31, 2015

Particulars	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	(28)	(28)
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	5	5
	-	**(23)**	**(23)**
B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Total	**-**	**(23)**	**(23)**

During the year ended March 31, 2016

Particulars	Equity Instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	(33)	(33)
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	6	6
	-	**(27)**	**(27)**
B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
Total	**-**	**(27)**	**(27)**

26 Operating lease

The Company has various operating leases, mainly for office buildings including land. Lease rental expense under non-cancellable operating lease during the quarter and nine months ended December 31, 2016 amounted to Rs 103 and Rs 308 respectively (for the quarter and nine months ended December 31, 2015: Rs 111 and Rs 321 respectively). Future minimum lease payments under non-cancellable operating lease are as below:

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Payable – Not later than one year	284	308	401
Payable – Later than one year and not later than five years	450	359	583
Payable – Later than five years	330	258	286

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the quarter and nine months ended December 31, 2016 is Rs 97 and Rs 301 respectively (for the quarter and nine months ended December 31, 2015: Rs 89 and Rs 270 respectively).

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27 Financial instruments

The carrying value and fair value of financial instruments by categories as at December 31, 2016, March 31, 2016 and April 1, 2015 is as follows:

As at December 31, 2016

Particulars	Carrying value			Fair value		
	December 31,	March 31,	April 1,	December 31,	March 31,	April 1,
Financial assets	**2016**	**2016**	**2015**	**2016**	**2016**	**2015**
Amortised cost						
Loans	675	688	749	675	688	749
Trade receivable	9,116	8,825	6,798	9,116	8,825	6,798
Cash and cash equivalents	719	1,924	3,669	719	1,924	3,669
Other financial assets	2,131	2,594	1,311	2,131	2,594	1,311
Investment in debt securities (quoted)	150	150	-	150	150	-
Investment in term deposits	370	250	700	370	250	700
FVTOCI						
Investment in equity instruments (unquoted)	1	1	1	1	1	1
Investment in preference shares (unquoted)	7	11	11	7	11	11
FVTPL						
Investments in mutual fund	4,586	1,916	4,790	4,586	1,916	4,790
Derivative assets	13	53	24	13	53	24
Total assets	**17,768**	**16,412**	**18,053**	**17,768**	**16,412**	**18,053**
Financial liabilities						
Amortised cost						
Borrowings	19	423	28	19	423	28
Trade payables	1,165	1,432	1,379	1,165	1,432	1,379
Other financial liabilities	1,332	1,978	1,756	1,332	1,978	1,756
FVTPL						
Liability towards acquisition of business	1,042	1,431	458	1,042	1,431	458
Derivative liabilities	4	1	3	4	1	3
Total liabilities	**3,562**	**5,265**	**3,624**	**3,562**	**5,265**	**3,624**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and 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 receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of the quoted bonds and mutual fund 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 Company'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 31 December 2016 was assessed to be insignificant.

iv) The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

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

vi) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. 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 model, 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 December 31, 2016, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivates designated in hedge relationship and other financials instruments recognised at fair value.

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

28 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at December 31, 2016, March 31, 2016 and April 1, 2015.

Quantitative disclosures fair value measurement hierarchy for financial assets as at December 31, 2016:

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial assets (Notes 27 &7.5):					
Foreign exchange forward contracts	December 31, 2016	13	-	13	-
FVTOCI financial assets designated at fair value (Notes 27 &5.1):					
Investment in equity instruments (unquoted)	December 31, 2016	1	-	-	1
Investment in preference shares (unquoted)	December 31, 2016	7	-	-	7
FVTPL financial assets designated at fair value (Notes 27 &7.1):					
Investment in mutual funds (quoted)	December 31, 2016	4,586	4,586	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 27 &13.2):					
Foreign exchange forward contracts- USD	December 31, 2016	4	-	4	-
Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2):					
Liability towards acquisition of business	December 31, 2016	1,042	-	-	1,042

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

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2016:

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial assets (Notes 27 &7.5):					
Foreign exchange forward contracts	March 31, 2016	53	-	53	-
FVTOCI financial assets designated at fair value (Notes 27 &5.1):					
Investment in equity instruments (unquoted)	March 31, 2016	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2016	11	-	-	11
FVTPL financial assets designated at fair value (Notes 27 &7.1):					
Investment in mutual funds (quoted)	March 31, 2016	1,916	1,916	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 27 &13.2):					
Foreign exchange forward contracts	March 31, 2016	1	-	1	-
Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2):					
Liability towards acquisition of business	March 31, 2016	1,431	-	-	1,431

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

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

Quantitative disclosures fair value measurement hierarchy for financial assets as at April 1, 2015:

Particulars	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial assets (Notes 27 &7.5):					
Foreign exchange forward contracts	April 1, 2015	24	-	24	-
FVTOCI financial assets designated at fair value (Notes 27 &5.1):					
Investment in equity instruments (unquoted)	April 1, 2015	1	-	-	1
Investment in preference shares (unquoted)	April 1, 2015	11	-	-	11
FVTPL financial assets designated at fair value (Notes 27 &7.1):					
Investment in mutual funds (quoted)	April 1, 2015	4,790	4,790	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 27 &13.2):					
Foreign exchange forward contracts	April 1, 2015	3	-	3	-
Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2):					
Liability towards acquisition of business	April 1, 2015	458	-	-	458

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

i) Reconciliation of fair value measurement of investment in unquoted equity instrument classified as FVTOCI (Level 3):

	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Opening balance	11	11	11
Remeasurement recognised in OCI	(4)	-	-
Purchases	-	-	-
Sales	-	-	-
Closing balance	**7**	**11**	**11**

ii) Reconciliation of fair value measurement of liability towards acquisition of business classified as FVTPL (Level 3)

	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Opening balance	1,431	458	458
Additions during the period	-	1,106	-
Fair value movement recognised in statement of profit and loss	98	157	-
Remeasurement recognised in statement of profit and loss	-	-	-
Translation adjustment	(67)	3	-
Payout during the period	(420)	(293)	-
Closing balance	**1,042**	**1,431**	**458**

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

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

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Company 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 Company considers the risks of non-performance by the counterparty as non-material.

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

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-designated derivative instruments (Sell):			
in USD millions	31	31	32
in EUR millions	2	3	5
in GBP millions	2	2	2

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		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-designated derivative instruments (Sell):			
Not later than 1 month			
in USD millions	12	12	13
in EUR millions	1	1	2
in GBP millions	1	1	1
Later than 1 month but not later 3 months			
in USD millions	19	19	19
in EUR millions	1	2	3
in GBP millions	1	1	1

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

29 Financial risk management

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

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

Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

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

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Revenue from top customer	1,824	1,232	5,428	3,522
Revenue from top 5 customer	3,905	3,694	11,720	10,595

One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2016, however none of the customer accounted for more than 10% of the receivables for the nine months ended December 31, 2016. One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2015, however none of the customer accounted for more than 10% of the receivables for the nine months ended December 31, 2015.

Investments

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

Liquidity risk

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

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

The working capital position of the Company is given below:

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Cash and cash equivalents	719	1,924	3,669
Investments in mutual funds (quoted)	4,586	1,916	4,790
Investment in non-convertible bonds (quoted)	100	100	-
Interest bearing deposits with corporates	370	250	700
Total	**5,775**	**4,190**	**9,159**

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at December 31, 2016, March 31, 2016 and April 1, 2015

Particulars	**As at December 31, 2016**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	5	5	9
Trade payables	1,165	-	-
Other financial liabilities	1,876	498	-
Derivative liabilities	4	-	-

Particulars	**As at March 31, 2016**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	405	5	13
Trade payables	1432	-	-
Other financial liabilities	2662	555	192
Derivative liabilities	1	-	-

Particulars	**As at April 1, 2015**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	5	5	18
Trade payables	1,379	-	-
Other financial liabilities	1,987	227	-
Derivative liabilities	3	-	-

Foreign Currency risk

The Company'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 Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

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

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

In respect of the Company'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 33 increase and Rs 15 decrease in the Company's net profit as at December 31, 2016;
b) an approximately Rs 2 increase and Rs 2 decrease in the Company's net profit as at December 31, 2015

The following table presents foreign currency risk from non-derivative financial instruments as of December 31, 2016, March 31, 2016 and April 1, 2015.

As at December 31, 2016 **Amount in INR million**

Particulars	**US$**	**Euro**	**Pound/sterling**	**Other currencies***	**Total**
Assets					
Trade receivables	6,314	886	783	816	8,799
Unbilled revenue	1,035	90	167	129	1,421
Cash and cash equivalents	396	61	49	164	670
Other assets	6	95	28	34	163
Liabilities					
Trade payable	3	335	33	13	384
Other liabilities	597	475	480	65	1,617
Net assets/liabilities	**7,151**	**322**	**514**	**1,065**	**9,052**

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

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

As at March 31, 2016 — **Amount in INR million**

Particulars	US$	Euro	Pound/sterling	Other currencies*	Total
Assets					
Trade receivables	6,304	870	723	673	8,570
Unbilled revenue	1,318	92	306	56	1,772
Cash and cash equivalents	1,088	65	24	329	1,506
Other assets	148	18	35	23	224
Liabilities					
Trade payable	261	1	2	2	266
Other liabilities	1,262	38	658	75	2,033
Net assets/liabilities	**7,335**	**1,006**	**428**	**1,004**	**9,773**

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

As at April 1, 2015 — **Amount in INR million**

Particulars	US$	Euro	Pound/sterling	Other currencies*	Total
Assets					
Trade receivables	4,614	831	656	382	6,483
Unbilled revenue	669	128	138	29	964
Cash and cash equivalents	1,257	72	120	232	1,681
Other assets	155	6	39	19	219
Liabilities					
Trade payable	106	1	8	8	123
Other liabilities	282	30	64	109	485
Net assets/liabilities	**6,307**	**1,006**	**881**	**545**	**8,739**

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

For the quarter and nine months ended December 31, 2016 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.2%/(0.3)% and 0.3%/(0.3)% respectively. For the quarter and nine months ended December 31, 2015, the impact on operating margins would be 0.6%/(0.04)% and 0.6%/0.04% respectively.

Interest rate risk

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

The Company's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

30 Capital management

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

The capital structure is as follows:

Particulars	As at		
	December 31, 2016	**March 31, 2016**	**April 1, 2015**
Total equity attributable to the equity share holders of the company	27,252	24,641	21,257
As percentage of total capital	100%	98%	100%
Current borrowings	5	405	5
Non-current borrowings	14	18	23
Total borrowings	19	423	28
As a percentage of total capital	0%	2%	0%
Total capital (borrowings and equity)	**27,271**	**25,064**	**21,285**

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

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

31 Related party transaction

Name of related party	Nature of relationship	Country of incorporation
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary	China
Discoverture Solutions L.L.C.	Subsidiary with effect from February 13, 2015	United States
Discoverture Solutions U.L.C.*	Subsidiary with effect from February 13, 2015	Canada
Discoverture Solutions Europe Limited**	Subsidiary with effect from February 13, 2015	United Kingdom
Bluefin Solutions Limited	Subsidiary with effect from July 16, 2015	United Kingdom
Bluefin Solutions Inc.	Subsidiary with effect from July 16, 2015	United States
Bluefin Solutions Sdn Bhd	Subsidiary with effect from July 16, 2015	Malaysia
Blouvin (Pty) Limited	Subsidiary with effect from July 16, 2015	South Africa
Bluefin Solutions Pte Ltd	Subsidiary with effect from July 16, 2015	Singapore
Relational Solutions, Inc	Subsidiary with effect from July 16, 2015	United States
Magnet 360, LLC	Subsidiary with effect from January 19, 2016	United States
Reside, LLC	Subsidiary with effect from January 19, 2016	United States
M360 Investments, LLC	Subsidiary with effect from January 19, 2016	United States
Numerical Truth, LLC	Subsidiary with effect from January 19, 2016	United States
Janaagraha Centre for Citizenship & Democracy***	Entity with common key managerial person	
Mindtree Foundation	Entity with common key managerial person	
Coffee Day Global Limited Tanglin Developments Limited ('TDL') Mysore Amalgamated Coffee Estate Ltd	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.96% equity stake in Mindtree.	

*Dissolved with effect from November 19, 2015.
**Dissolved with effect from July 5, 2016.
*** Upto October 21, 2016

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015	For the nine months ended December 31, 2016	For the nine months ended December 31, 2015
Mindtree Software (Shanghai) Co., Ltd	Software services received	2	5	11	16
Relational Solutions, Inc	Software services rendered	11	-	24	-
	Software license fees paid	-	-	-	3
Discoverture Solutions L.L.C	Software services rendered	50	56	143	146
	Software services received	35	42	123	57
Bluefin Solutions Limited	Software services rendered	1	-	5	-
	Software services received	15	3	29	3
Bluefin Solutions Inc	Software services received	-	-	3	-
Magnet 360 LLC	Software services rendered	(1)	-	16	-
	Software services received	14	-	14	-
Mysore Amalgamated Coffee Estate Ltd	Reimbursement of travel expenses	-	-	-	1
Mindtree Foundation	Donation paid	10	8	35	32
Coffee Day Global Limited	Procurement of supplies	7	6	17	16
	Software services rendered	6	20	30	20
Tanglin Developments Limited	Leasing office buildings and land	96	92	305	277
	Advance/ deposits paid				
	- towards lease rentals	-	-	117	-
	Advance/ deposits received back				
	- towards electricity deposit/charges	-	-	-	16
	- towards lease rentals	56	54	101	150

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

Balances payable to related parties are as follows:

Name of related party	Nature of balances	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Mindtree Software (Shanghai) Co., Ltd	Trade payables	2	1	6
Discoverture Solutions L.L.C.	Trade payables	11	15	-
Bluefin Solutions Limited	Trade payables	5	4	-
Magnet 360 LLC	Trade payables	5	-	-
Coffee Day Global Limited	Trade payables	1	1	-

Balances receivable from related parties are as follows:

Name of related party	Nature of balances	As at December 31, 2016	As at March 31, 2016	As at April 1, 2015
Discoverture Solutions L.L.C.	Trade receivables	16	98	22
Bluefin Solutions Limited	Trade receivables	1	4	-
Relational solutions Inc.	Trade receivables	20	-	-
Coffee Day Global Limited	Trade receivables	35	25	-
Tanglin Developments Limited	Short-term loans and advances:			
	- Rental advance	51	-	94
	Long-term loans and advances:			
	- Advance towards electricity charges	-	-	16
	- Security deposit (including electricity deposit) returnable on termination of lease	270	298	375

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

Key Managerial Personnel:

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

*Appointed with effect from July 19, 2016.
**Appointed with effect from December 12, 2016.
***Resigned with effect from October 21, 2016.
**** Appointed as Executive Vice Chairman with effect from October 21, 2016
*****The 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.

Transactions with key management personnel

Dividends paid to directors during the quarter and nine months ended December 31, 2016 amounts to Rs 67 and Rs 177 and for the quarter and nine months ended December 31, 2015 amounts to Rs 44 and Rs 186 respectively. Further, during the nine months ended December 31, 2016, 44,340 shares were allotted to the key management personnel.

Compensation of key management personnel of the Company

Particulars	For the quarter ended* December 31, 2016	For the quarter ended* December 31, 2015	For the nine months ended* December 31, 2016	For the nine months ended* December 31, 2015
Short-term employee benefits	18	25	60	70
Share-based payment transactions	-	6	2	17
Others	7	6	20	14
Total compensation paid to key management personnel	**25**	**37**	**82**	**101**

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

32 The Company had filed an application before the Hon'ble High Court of Karnataka for a composite scheme of amalgamation ("the scheme") of Discoverture Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company, with the Company with an appointed date of April 1, 2015. Pursuant to the notification of certain sections of the Companies Act, 2013 on amalgamation, the application has been transferred to the National Company Law Tribunal (NCLT). Pending requisite approvals, no effect has been given for the scheme in the financial statements.

The Board of Directors at its meeting held on January 19, 2017 have approved the proposal to transfer the business and net assets of its wholly owned subsidiary, Bluefin Solutions Limited ('Bluefin') to Mindtree against the cancellation and extinguishment of Mindtree's investment in Bluefin. This is subject to the approval of Reserve Bank of India (RBI) and other statutory authorities, as may be required.

33 Contingent liabilities

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

Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demands received. The Company has received a favourable order from the Commissioner of Income tax (Appeals) for majority of grounds and considering the order passed, there will not be any demand on the Company. On the other grounds which are not favourable, the Company has filed an appeal before the Income Tax Appellate Tribunal ('ITAT'). The Company has received a favourable order from ITAT. The assessment was reopened under section 148 and order has been passed under section 147 wherein demand of Rs 630 has been raised against the Company on account of certain disallowance made by the Income Tax department. The Company has filed for rectification application for arithmetical error in the computation of demand, once rectified there will be no demand. The Company has also filed a writ application with Honorable High Court of Karnataka against the order.

b) The Company has received income tax assessment orders 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 Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to Rs 18 against these demands.

c) The Company has received income tax assessment orders 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 Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Company has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 478 against these demands.

The Company 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 Company preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment. The Deputy Commissioner of Income tax has completed the reassessment & 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 Company has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Company has a filed an appeal with ITAT, Bengaluru.

The Company 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 Company has received the 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 Rs 124. The Company has filed an appeal before ITAT. The order giving effect to the said order has been received and appeal in filed with Commissioner Appeals.

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

d) The Company received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to 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 Company has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Company has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavorable grounds, the Company 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 Company has deposited Rs 5 with the department against this demand.

e) The Company has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).

The Company has received the revised order under section 263 for financial year 2009-10 from Assessing officer reducing the demand to Rs 6. The Company has filed an appeal before ITAT. Order giving effect has been received.

f) The Company has received a final assessment order for financial year 2012-13 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 15 on account of certain disallowances. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax(Appeals).

34 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2016 is Rs. 303 (March 31, 2016: Rs 262 and April 1, 2015: Rs. 508).

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

35 Segment reporting:

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

The Company is structured into four reportable business segments – RCM, BFSI, TMS and TH. During the period, the Company has restructured its verticals and accordingly, as required by accounting standards, comparatives have been restated and presented in line with the current segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

Each segment item reported is measured at the measure 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.

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

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.

Industry Segments:

Statement of income	**For the quarter ended December 31,**	
	2016	**2015**
Segment revenue		
RCM	2,414	2,426
BFSI	2,929	2,892
TMS	4,478	3,944
TH	1,937	1,897
Total	**11,758**	**11,159**
Segment operating income		
RCM	357	571
BFSI	186	335
TMS	988	748
TH	253	388
Total	**1,784**	**2,042**
Depreciation and Amortization expense	(327)	(342)
Profit for the period before finance expenses, other income and tax	**1,457**	**1,700**
Finance costs	(46)	(43)
Other income	86	41
Interest Income	27	37
Foreign exchange gain/ (loss)	23	82
Net profit before taxes	**1,547**	**1,817**
Income taxes	(363)	(413)
Net profit after taxes	**1,184**	**1,404**

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

Statement of income	**For the nine months ended December 31,**	
	2016	**2015**
Segment revenue		
RCM	7,312	6,952
BFSI	9,031	8,089
TMS	13,473	11,307
TH	5,747	5,039
Total	**35,563**	**31,387**
Segment operating income		
RCM	1,188	1,601
BFSI	814	1,100
TMS	2,855	2,205
TH	579	837
Total	**5,436**	**5,743**
Depreciation and Amortization expense	(995)	(977)
Profit for the period before finance expenses, other income and tax	**4,441**	**4,766**
Finance costs	(144)	(97)
Other income	419	195
Interest income	81	179
Foreign exchange gain/ (loss)	69	340
Net profit before taxes	**4,866**	**5,383**
Income taxes	(1,107)	(1,226)
Net profit after taxes	**3,759**	**4,157**

Other information	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2016	**2015**	**2016**	**2015**
Other significant non-cash expense (Allocable)				
RCM	(2)	-	23	4
BFSI	9	1	13	2
TMS	12	2	19	18
TH	(25)	-	8	8

Geographical information

Revenues	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2016	**2015**	**2016**	**2015**
America	8,138	7,410	24,394	20,995
Europe	2,275	2,595	7,079	7,128
India	403	335	1,266	1,038
Rest of World	942	819	2,824	2,226
Total	**11,758**	**11,159**	**35,563**	**31,387**

Note:

Management believes that it is currently not practicable to provide disclosure of assets by geographical location, as meaningful segregation of the available information is onerous.

Please refer to Note 29 on Financial Instruments for information on revenue from major customers.

36 Transition to Ind AS

The Company's interim financial statements for the quarter and nine month ended December 31, 2016 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS financial statements for the quarter and nine months ended December 31, 2016, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

(a) Exceptions from full retrospective application:

A. Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

B. Government loans: In accordance with Ind AS 101, on application of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance", the Company has used its previous GAAP carrying amount at the date of transition to Ind ASs as the carrying amount in the opening Ind AS balance sheet

(b) Exemptions from retrospective application:

A. Share-based payment exemption: The Company has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", to equity instruments that vested before the date of transition to Ind AS.

(c) Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

-equity as at April 1, 2015;
-equity as at December 31, 2015;
-equity as at March 31, 2016;
-total comprehensive income for the quarter and nine months ended December 31, 2015;
-total comprehensive income for the year ended March 31, 2016; and
- explanation of material adjustments to cash flow statements.

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Reconciliation of equity

		March 31, 2016			December 31, 2015			April 1, 2015		
	Note	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS										
Non-current assets										
Property, plant and equipment	vi, vii	4,304	(195)	4,109	4,842	(194)	4,648	4,507	(188)	4,319
Capital work in progress		232	-	232	181	-	181	354	-	354
Other intangible assets		92	-	92	98	-	98	119	1	120
Financial assets								-	-	
Investments	ii	9,052	(466)	8,586	5,960	(336)	5,624	1,113	(42)	1,071
Loans	v, vi	560	91	651	560	88	648	546	67	613
Other financial assets		259	(70)	189				-	-	-
Deferred tax assets (net)		791	(57)	734	678	(47)	631	595	(50)	545
Other non-current assets		1,150	142	1,292	1,203	144	1,347	1,000	158	1,158
		16,440	**(555)**	**15,885**	**13,522**	**(345)**	**13,177**	**8,234**	**(54)**	**8,180**
Current assets										
Financial assets										
Investments	ii	2,101	165	2,266	4,323	135	4,458	5,342	148	5,490
Trade receivables		8,825	-	8,825	8,137	-	8,137	6,798	-	6,798
Cash and cash equivalents		1,924	-	1,924	1,615	-	1,615	3,669	-	3,669
Loans	v, vi	35	2	37	58	2	60	134	2	136
Others		2,471	(13)	2,458	1,730	-	1,730	1,335	-	1,335
Other current assets		966	16	982	653	19	672	976	30	1,006
		16,322	**170**	**16,492**	**16,516**	**156**	**16,672**	**18,254**	**180**	**18,434**
TOTAL ASSETS		**32,762**	**(385)**	**32,377**	**30,038**	**(189)**	**29,849**	**26,488**	**126**	**26,614**
EQUITY AND LIABILITIES										
Equity										
Equity share capital		1,678	-	1,678	839	-	839	837	-	837
Other equity		22,486	477	22,963	22,514	400	22,914	19,276	1,144	20,420
Total equity		**24,164**	**477**	**24,641**	**23,353**	**400**	**23,753**	**20,113**	**1,144**	**21,257**
Liabilities										
Non-current liabilities										
Financial liabilities										
Borrowings		18	-	18	18	-	18	23	-	23
Other financial liabilities	v	990	(243)	747	655	(179)	476	227	-	227
Other non-current liabilities	iii	82	10	92	89	13	102	106	21	127
		1,090	**(233)**	**857**	**762**	**(166)**	**596**	**356**	**21**	**377**
Current liabilities										
Financial liabilities										
Borrowings		400	-	400	-	-	-	-	-	-
Trade payables		1,431	1	1,432	1,207	1	1,208	1,378	1	1,379
Other financial liabilities	v	3,202	(534)	2,668	2,473	(360)	2,113	2,034	(39)	1,995
Other current liabilities	iii	827	6	833	853	5	858	1,416	(829)	587
Provisions		1,378	(102)	1,276	1,175	(69)	1,106	964	(172)	792
Current tax liabilities (Net)		270	-	270	215	-	215	227	-	227
		7,508	**(629)**	**6,879**	**5,923**	**(423)**	**5,500**	**6,019**	**(1,039)**	**4,980**
TOTAL EQUITY AND LIABILITIES		**32,762**	**(385)**	**32,377**	**30,038**	**(189)**	**29,849**	**26,488**	**126**	**26,614**

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(i) Equity reconciliation:-

Particulars	**Note**	**As at March 31, 2016**	**As at December 31, 2015**	**As at April 1, 2015**
Equity under previous GAAP		**24,164**	**23,353**	**20,112**
Proposed dividend and tax thereon	iii	606	404	1,009
Fair valuation of investments	ii	112	92	101
Effect of discounting of security deposit and reclassification of land as operating lease	vi	20	20	16
Discounting of consideration receivable	v	(81)	-	-
Business combination	i	(198)	(136)	(8)
Others		18	20	27
Equity as per Ind AS		**24,641**	**23,753**	**21,257**

(ii) Total comprehensive income reconciliation

Particulars	**Note**	**For the year ended March 31, 2016**	**For the quarter ended December 31, 2015**	**For the nine month ended December 31, 2015**
Net income under previous GAAP		**6,049**	1,435	**4,274**
Fair valuation of investments	ii	10	9	(9)
Employee benefits	iv	27	3	23
Effect of discounting of security deposit and reclassification of land as operating lease	vi	4	2	4
Business combination	i	(190)	(43)	(128)
Discounting of consideration receivable	v	(81)	-	-
Others		(9)	(2)	(7)
Profit for the period under Ind AS		**5,810**	**1,404**	**4,157**
Other comprehensive income		(27)	(3)	(23)
Total comprehensive income under Ind AS		**5,783**	**1,401**	**4,134**

(iii) There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter and nine months ended December 31, 2016
(Rupees in millions, except share and per share data, unless otherwise stated)

Notes:

i. Business combination:
Under Ind AS, contingent consideration payable on business combination is measured at fair value while under previous GAAP it is recognised at cost.

ii. Fair valuation of investments:
a) Under Ind AS, financial assets and financial liabilities designated at fair value through profit and loss (FVTPL) are fair valued at each reporting date with changes in fair value recognized in the statement of profit and loss. Under previous GAAP, they are measured at lower of cost or net realisable value. Mutual fund investments have been classified as FVTPL. Consequently, increase in fair value of such investments in quoted mutual funds has resulted in a gain.
b) Under Ind AS, financial assets designated at fair value through other comprehensive income (FVTOCI) are fair valued at each reporting date with changes in fair value (net of deferred taxes) recognized directly in other comprehensive income. Under previous GAAP, they are measured at cost with provision for diminution other than temporary. Investments in equity instruments have been classified as FVTOCI. Consequently, fair value of such equity instruments designated at FVTOCI has resulted in a gain in other comprehensive income.

iii. Under Ind AS, liability for dividend is recognized in the period in which the obligation to pay is established. Under previous GAAP, a liability is recognized in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date. Consequently, dividend payable under Ind AS is lower and retained earning is higher.

iv. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

v. Under Ind AS, the deferred consideration on sale of land is measured at fair value. Under previous GAAP, such consideration is carried at initial transaction value. The difference between initial transaction value and fair value on the date of sale is reduced from profit on sale of land and subsequent change in the fair value of such deferred consideration is recognised as notional interest income in the statement of profit and loss.

vi. Under Ind AS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. The lease rentals paid in advance are charged to the statement of profit and loss over the lease term.
Under Ind AS, financial instruments other than those designated at FVTPL and FVTOCI are measured at amortised cost. Under previous GAAP, they are are recognised at cost. Security deposits are carried at amortised cost using effective interest method.

vii. Under Ind AS, grant specific to property, plant and equipment should be treated as deferred income which is recognised in statement of profit and loss over the periods and in proportion to depreciation on related assets. Under previous GAAP, such non-monetary grant was deducted from the gross value of the asset.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

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

V. Balaji
Partner
Membership Number: 203685

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date: January 19, 2017

Place: Bengaluru
Date: January 19, 2017