**Mindtree Limited**
**Balance sheet**

| | Note | As at June 30, 2017 | As at March 31, 2017* | As at April 1, 2016* |
|---|---|---|---|---|
| | | | | **Rs in million** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 3,539 | 3,753 | 4,108 |
| Capital work in progress | | 219 | 192 | 232 |
| Goodwill | 4 | 1,015 | 1,015 | 1,022 |
| Other intangible assets | 4 | 324 | 361 | 499 |
| Financial assets | 5 | | | |
| Investments | 5.1 | 7,338 | 7,099 | 7,019 |
| Loans | 5.2 | 668 | 664 | 652 |
| Other financial assets | 5.3 | - | 209 | 189 |
| Deferred tax assets (Net) | 16 | 765 | 783 | 658 |
| Other non-current assets | 6 | 1,258 | 1,300 | 1,300 |
| | | **15,126** | **15,376** | **15,679** |
| **Current assets** | | | | |
| Financial assets | 7 | | | |
| Investments | 7.1 | 7,652 | 5,869 | 2,266 |
| Trade receivables | 7.2 | 7,469 | 8,166 | 8,885 |
| Cash and cash equivalents | 7.3 | 1,771 | 2,365 | 2,094 |
| Loans | 7.4 | 13 | 12 | 37 |
| Other financial assets | 7.5 | 2,438 | 2,036 | 2,466 |
| Other current assets | 8 | 807 | 906 | 984 |
| | | **20,150** | **19,354** | **16,732** |
| **TOTAL ASSETS** | | **35,276** | **34,730** | **32,411** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 9 | 1,681 | 1,680 | 1,678 |
| Other equity | 10 | 27,195 | 25,644 | 22,863 |
| | | **28,876** | **27,324** | **24,541** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | 11 | | | |
| Borrowings | 11.1 | 9 | 13 | 18 |
| Other financial liabilities | 11.2 | - | 195 | 747 |
| Other non-current liabilities | 12 | 74 | 71 | 92 |
| | | **83** | **279** | **857** |
| **Current liabilities** | | | | |
| Financial liabilities | 13 | | | |
| Borrowings | 13.1 | 958 | 942 | 400 |
| Trade payables | | 1,161 | 1,306 | 1,425 |
| Other financial liabilities | 13.2 | 1,697 | 2,487 | 2,706 |
| Other current liabilities | 14 | 1,011 | 965 | 850 |
| Provisions | 15 | 1,101 | 1,104 | 1,285 |
| Current tax liabilities (Net) | | 389 | 323 | 347 |
| | | **6,317** | **7,127** | **7,013** |
| | | **6,400** | **7,406** | **7,870** |
| **TOTAL EQUITY AND LIABILITIES** | | **35,276** | **34,730** | **32,411** |

*Refer note 1
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: July 19, 2017

Place: Bengaluru
Date: July 19, 2017

**Mindtree Limited**
**Statement of profit and loss**

| | | Rs in millions, except per share data | |
|---|---|---|---|
| | | For the quarter ended | |
| | **Note** | **June 30, 2017** | **June 30, 2016*** |
| Revenue from operations | | 12,028 | 12,151 |
| Other income | 17 | 664 | 190 |
| **Total income** | | **12,692** | **12,341** |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 18 | 7,666 | 7,572 |
| Finance costs | 19 | 39 | 51 |
| Depreciation and amortization expense | 20 | 349 | 360 |
| Other expenses | 21 | 2,756 | 2,627 |
| **Total expenses** | | **10,810** | **10,610** |
| | | | |
| **Profit before tax** | | **1,882** | **1,731** |
| | | | |
| Tax expense: | | | |
| Current tax | 16 | 385 | 465 |
| Deferred tax | 16 | (2) | (66) |
| **Profit for the period** | | **1,499** | **1,332** |
| | | | |
| **Other comprehensive income** | 25 | | |
| A (i) Items that will not be reclassified to profit or loss | | 6 | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (1) | - |
| B (i) Items that will be reclassified to profit or loss | | - | 13 |
| **Total other comprehensive income** | | **5** | **13** |
| | | | |
| **Total comprehensive income for the period** | | **1,504** | **1,345** |
| | | | |
| Earnings per equity share: | 23 | | |
| Basic | | 8.92 | 7.94 |
| Diluted | | 8.91 | 7.93 |

* Refer note 1

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

**V. Balaji**
*Partner*
Membership Number: 203685

Place: Bengaluru
Date: July 19, 2017

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

**N. Krishnakumar**
Chairman

**Rostow Ravanan**
CEO & Managing Director

**Jagannathan Chakravarthi**
Chief Financial Officer

**Vedavalli Sridharan**
Company Secretary

Place: Bengaluru
Date: July 19, 2017

**Mindtree Limited**
**Statement of cash flows**

| | Rs in million | |
|---|---|---|
| | **For the quarter ended June 30,** | |
| | **2017** | **2016*** |
| **Cash flow from operating activities** | | |
| Profit for the period | 1,499 | 1,332 |
| | | |
| Adjustments for : | | |
| Income tax expense recognised in the statement of profit and loss | 383 | 399 |
| Depreciation and amortization expense | 349 | 360 |
| Expense on employee stock based compensation | 47 | 19 |
| Allowance for doubtful debt | - | (1) |
| Finance costs | 39 | 51 |
| Interest income on financial assets at amortised cost | (61) | (25) |
| Dividend income | (1) | (2) |
| Net gain on disposal of property, plant and equipment | (4) | (2) |
| Net gain on financial assets designated at fair value through profit and loss | (135) | (53) |
| Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss | (374) | (11) |
| Unrealised exchange difference on liability towards acquisition of businesses | 11 | 11 |
| Unrealised exchange difference on derivatives | 34 | 36 |
| Income from government grant | (3) | (3) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 7 | (26) |
| *Changes in operating assets and liabilities* | | |
| Trade receivables | 697 | 300 |
| Other assets | (81) | 104 |
| Trade payables | 59 | (206) |
| Other liabilities | (94) | (230) |
| Provisions | (3) | 18 |
| **Net cash (used in)/ provided by operating activities before taxes** | **2,369** | **2,071** |
| Income taxes paid | (250) | (365) |
| ***Net cash (used in)/ provided by operating activities*** | **2,119** | **1,706** |
| | | |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (343) | (302) |
| Proceeds from sale of property, plant and equipment | 3 | 17 |
| Payment towards acquisition of businesses | (104) | (130) |
| Investment in subsidiaries | (238) | - |
| Interest income on financial assets at amortised cost | 15 | 6 |
| Dividend income received | 1 | 2 |
| Purchase of investments | (4,241) | (2,923) |
| Proceeds from sale of investments | 2,594 | 2,134 |
| ***Net cash (used in)/ provided by investing activities*** | **(2,313)** | **(1,196)** |
| | | |
| **Cash flow from financing activities** | | |
| Issue of share capital (net of issue expenses paid) | 1 | 5 |
| Finance costs paid | - | (2) |
| Repayment of loans and borrowings | (4) | (405) |
| Dividends paid (including distribution tax) | (403) | (335) |
| ***Net cash (used in)/ provided by financing activities*** | **(406)** | **(737)** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (7) | 26 |
| **Net increase / (decrease) in cash and cash equivalents** | (607) | (201) |
| Cash and cash equivalents at the beginning of the period | 2,365 | 1,699 |
| **Cash and cash equivalents at the end of the period (Refer Note 7.3)** | **1,758** | **1,498** |

**Reconciliation of liabilities from financing activities**

| Particulars | As at March 31, 2017 | Repayment | Fair value changes | As at June 30, 2017 |
|---|---|---|---|---|
| Long-term borrowings (including current portion) | 18 | (4) | - | **14** |
| Short-term borrowings | 942 | - | 16 | **958** |
| **Total liabilities from financing activities** | **960** | **(4)** | **16** | **972** |

* Refer note 1

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: July 19, 2017

Place: Bengaluru
Date: July 19, 2017

**Mindtree Limited**
**Statement of changes in equity for the quarter ended June 30, 2017**

| (a) Equity share capital | (Rs in million) Amount |
|---|---|
| **Balance as at April 1, 2016** | 1,678 |
| Add: Shares issued on exercise of employee stock options and restricted shares | 2 |
| **Balance as at March 31, 2017** | **1,680** |
| **Balance as at April 1, 2017** | 1,680 |
| Add: Shares issued on exercise of employee stock options and restricted shares | 1 |
| **Balance as at June 30, 2017** | **1,681** |

**(b) Other equity** (Rs in million)

| Particulars | Reserves and Surplus (refer note 10)* | | | | | | Items of Other Comprehensive Income (refer note 10)* | | | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | General reserve | Special Economic Zone reinvestment reserve | Securities premium reserve | Share option outstanding account | Retained earnings | Foreign currency translation reserve (FCTR) | Equity instruments through other comprehensive income | Other items of other comprehensive income | |
| **Balance as at April 1, 2016** | **87** | **1,542** | **-** | **1,122** | **107** | **20,007** | **23** | **3** | **(28)** | **22,863** |
| Profit for the period | - | - | - | - | - | 1,332 | - | - | - | 1,332 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 13 | (3) | 3 | 13 |
| Issue of equity shares (Refer note 9) | - | - | - | 5 | - | - | - | - | - | 5 |
| Transferred to securities premium reserve | - | - | - | 48 | (48) | - | - | - | - | - |
| Compensation cost related to employee share based payment (Refer note 18) | - | - | - | - | 19 | - | - | - | - | 19 |
| **Balance as at June 30, 2016** | **87** | **1,542** | **-** | **1,175** | **78** | **21,339** | **36** | **-** | **(25)** | **24,232** |
| | | | | | | | | | | |
| **Balance as at April 1, 2016** | **87** | **1,542** | **-** | **1,122** | **107** | **20,007** | **23** | **3** | **(28)** | **22,863** |
| Profit for the period | - | - | - | - | - | 4,750 | - | - | - | 4,750 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | (13) | (3) | (8) | (24) |
| Issue of equity shares (Refer note 9) | - | - | - | 6 | - | - | - | - | - | 6 |
| Transferred to securities premium reserve | - | - | - | 110 | (110) | - | - | - | - | - |
| Compensation cost related to employee share based payment (Refer note 18) | - | - | - | - | 54 | - | - | - | - | 54 |
| Cash dividends (Refer note 10.1) | - | - | - | - | - | (1,679) | - | - | - | (1,679) |
| Dividend distribution tax (Refer note 10.1) | - | - | - | - | - | (326) | - | - | - | (326) |
| **Balance as at March 31, 2017** | **87** | **1,542** | **-** | **1,238** | **51** | **22,752** | **10** | **-** | **(36)** | **25,644** |
| | | | | | | | | | | |
| **Balance as at April 1, 2017** | **87** | **1,542** | **-** | **1,238** | **51** | **22,752** | **10** | **-** | **(36)** | **25,644** |
| Profit for the period | - | - | - | - | - | 1,499 | - | - | - | 1,499 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | - | - | 5 | 5 |
| Created during the period | - | - | 282 | - | - | (282) | - | - | - | - |
| Utilised during the period | - | - | (85) | - | - | 85 | - | - | - | - |
| Transferred to securities premium reserve | - | - | - | 37 | (37) | - | - | - | - | - |
| Compensation cost related to employee share based payment (Refer note 18) | - | - | - | - | 47 | - | - | - | - | 47 |
| **Balance at the June 30, 2017** | **87** | **1,542** | **197** | **1,275** | **61** | **24,054** | **10** | **-** | **(31)** | **27,195** |

* Refer note 1

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**
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Chief Financial Officer

**Vedavalli Sridharan**
Company Secretary

Place: Bengaluru
Date: July 19, 2017

Place: Bengaluru
Date: July 19, 2017

**Mindtree Limited**
**Significant accounting policies and notes to the accounts**
**For the quarter ended June 30, 2017**
**(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, Poland 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 July 19, 2017.

During the quarter, the National Company Law Tribunal (NCLT) has approved the Composite Scheme of Amalgamation ("the Scheme'') of Discoverture Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company (together "the Transferor Companies"), with the Company with an appointed date of April 1, 2015.
The Company has given effect to the scheme during the quarter and the merger has been accounted under the 'pooling of interests' method based on the carrying value of the assets and liabilities of the Transferor Companies as included in the consolidated Balance Sheet of the Company as at the beginning of April 1, 2015.
Since the approved Scheme results in a common control transaction, considering the requirements of Ind AS 103 – Business Combinations, the accounting for the Scheme has been given effect retrospectively by the Company. Accordingly, the results for the corresponding periods in 2016-17 and year ended March 31, 2017 have been restated to give effect to the Scheme.

## 2. Significant accounting policies

### 2.1 Basis of preparation and presentation

**(a) Statement of compliance**

These interim 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.

**(b) Basis of measurement**

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

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

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

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

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

i) *Revenue recognition:* 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 the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the 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 payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising 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.

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

(ii) Financial liabilities at FVTPL

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

c) *Derivative financial instruments*

The Company holds derivative financial instruments such as foreign exchange forward contracts 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 advances and capital work- in-progress respectively.

(vi) Intangible assets

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

The estimated useful lives of intangibles are as follows:

| **Category** | **Useful life** |
|---|---|
| Intellectual property | 5 years |
| Computer software | 2-3 years |
| Business alliance relationship | 4 years |
| Customer relationship | 3 - 5 years |
| Technology | 10 years |
| Non-compete agreement | 5 years |

(vii) Business combination, Goodwill and Intangible assets

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

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

a) *Goodwill*

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

b) Intangible assets

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

(viii) Leases

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.

(ix) 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 historically 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").

(x) Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

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

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

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

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.

(xvii) 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.

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

(xix) Government grants

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

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

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

**(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, 2016** | **84** | **3,046** | **1,237** | **225** | **812** | **2,610** | **610** | **351** | **28** | **9,003** |
| Additions | - | 3 | 2 | 2 | 5 | 54 | - | 2 | - | 68 |
| Disposals / adjustments | - | - | - | - | (1) | (22) | - | - | - | (23) |
| **At June 30, 2016** | **84** | **3,049** | **1,239** | **227** | **816** | **2,642** | **610** | **353** | **28** | **9,048** |
| | | | | | | | | | | |
| **At April 1, 2016** | **84** | **3,046** | **1,237** | **225** | **812** | **2,610** | **610** | **351** | **28** | **9,003** |
| Additions | - | 227 | 74 | 47 | 26 | 407 | 121 | 9 | - | 911 |
| Disposals / adjustments | - | - | - | - | (6) | (125) | (29) | - | - | (160) |
| **At March 31, 2017** | **84** | **3,273** | **1,311** | **272** | **832** | **2,892** | **702** | **360** | **28** | **9,754** |
| | | | | | | | | | | |
| **At April 1, 2017** | **84** | **3,273** | **1,311** | **272** | **832** | **2,892** | **702** | **360** | **28** | **9,754** |
| Additions | - | 1 | 13 | - | 19 | 57 | 8 | - | - | 98 |
| Disposals / adjustments | - | (6) | (2) | (1) | (1) | (139) | - | (6) | (2) | (157) |
| **At June 30, 2017** | **84** | **3,268** | **1,322** | **271** | **850** | **2,810** | **710** | **354** | **26** | **9,695** |
| | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | |
| **At April 1, 2016** | **8** | **961** | **731** | **218** | **528** | **1,890** | **398** | **146** | **15** | **4,895** |
| Charge for the period | - | 48 | 46 | 9 | 22 | 144 | 31 | 13 | 2 | 315 |
| Disposals / adjustments | - | - | - | - | (2) | (7) | - | - | - | (9) |
| **At June 30, 2016** | **8** | **1,009** | **777** | **227** | **548** | **2,027** | **429** | **159** | **17** | **5,201** |
| | | | | | | | | | | |
| **At April 1, 2016** | **8** | **961** | **731** | **218** | **528** | **1,890** | **398** | **146** | **15** | **4,895** |
| Charge for the period | 1 | 207 | 180 | 43 | 87 | 548 | 124 | 54 | 7 | 1,251 |
| Disposals / adjustments | - | - | - | - | (6) | (109) | (30) | - | - | (145) |
| **At March 31, 2017** | **9** | **1,168** | **911** | **261** | **609** | **2,329** | **492** | **200** | **22** | **6,001** |
| | | | | | | | | | | |
| **At April 1, 2017** | **9** | **1,168** | **911** | **261** | **609** | **2,329** | **492** | **200** | **22** | **6,001** |
| Charge for the period | - | 57 | 47 | 10 | 20 | 129 | 35 | 13 | 1 | 312 |
| Disposals / adjustments | - | (6) | (2) | (1) | (1) | (139) | - | (6) | (2) | (157) |
| **At June 30, 2017** | **9** | **1,219** | **956** | **270** | **628** | **2,319** | **527** | **207** | **21** | **6,156** |
| | | | | | | | | | | |
| **Net carrying value as at June 30, 2017** | **75** | **2,049** | **366** | **1** | **222** | **491** | **183** | **147** | **5** | **3,539** |
| **Net carrying value as at March 31, 2017** | **75** | **2,105** | **400** | **11** | **223** | **563** | **210** | **160** | **6** | **3,753** |
| **Net carrying value as at June 30, 2016** | **76** | **2,040** | **462** | **-** | **268** | **615** | **181** | **194** | **11** | **3,847** |
| **Net carrying value as at April 01, 2016** | **76** | **2,085** | **506** | **7** | **284** | **720** | **212** | **205** | **13** | **4,108** |

**Mindtree Limited**
**Significant accounting policies and notes to the accounts**
**For the quarter ended June 30, 2017**
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**4 Goodwill and other intangible assets**

| Particulars | Goodwill | Intellectual property | Business alliance relationships | Customer relationships | Non compete agreement | Technology | Computer software | Total other intangible assets |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | |
| **At April 1, 2016** | **1,022** | **67** | **72** | **136** | **24** | **267** | **1,020** | **1,586** |
| Additions | - | - | - | - | - | - | 4 | 4 |
| Translation adjustment gain/ (loss) | 7 | - | - | - | - | 5 | - | 5 |
| Disposals / adjustments | - | - | - | - | - | - | - | - |
| **At June 30, 2016** | **1,029** | **67** | **72** | **136** | **24** | **272** | **1,024** | **1,595** |
| | | | | | | | | |
| **At April 1, 2016** | **1,022** | **67** | **72** | **136** | **24** | **267** | **1,020** | **1,586** |
| Additions | - | - | - | - | - | - | 40 | 40 |
| Translation gain/ (loss) | (7) | - | - | (1) | - | (6) | - | (7) |
| Disposals / adjustments | - | - | - | - | - | - | (3) | (3) |
| **At March 31, 2017** | **1,015** | **67** | **72** | **135** | **24** | **261** | **1,057** | **1,616** |
| | | | | | | | | |
| **At April 1, 2017** | **1,015** | **67** | **72** | **135** | **24** | **261** | **1,057** | **1,616** |
| Additions | - | - | - | - | - | - | - | - |
| Disposals / adjustments | - | - | - | - | - | - | - | - |
| **At June 30, 2017** | **1,015** | **67** | **72** | **135** | **24** | **261** | **1,057** | **1,616** |
| | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **At April 1, 2016** | **-** | **67** | **21** | **46** | **6** | **20** | **927** | **1,087** |
| Charge for the period | - | - | 4 | 12 | 1 | 6 | 22 | 45 |
| Translation adjustment gain/ (loss) | - | - | - | - | - | 1 | - | 1 |
| Disposals / adjustments | - | - | - | - | - | - | - | - |
| **At June 30, 2016** | **-** | **67** | **25** | **58** | **7** | **27** | **949** | **1,133** |
| | | | | | | | | |
| **At April 1, 2016** | **-** | **67** | **21** | **46** | **6** | **20** | **927** | **1,087** |
| Charge for the period | - | - | 18 | 42 | 5 | 26 | 80 | 171 |
| Disposals / adjustments | - | - | - | - | - | - | (3) | (3) |
| **At March 31, 2017** | **-** | **67** | **39** | **88** | **11** | **46** | **1,004** | **1,255** |
| | | | | | | | | |
| **At April 1, 2017** | **-** | **67** | **39** | **88** | **11** | **46** | **1,004** | **1,255** |
| Charge for the period | - | - | 4 | 11 | 1 | 6 | 15 | 37 |
| Disposals / adjustments | - | - | - | - | - | - | - | - |
| **At June 30, 2017** | **-** | **67** | **43** | **99** | **12** | **52** | **1,019** | **1,292** |
| | | | | | | | | |
| **Net carrying value as at June 30, 2017** | **1,015** | **-** | **29** | **36** | **12** | **209** | **38** | **324** |
| **Net carrying value as at March 31, 2017** | **1,015** | **-** | **33** | **47** | **13** | **215** | **53** | **361** |
| **Net carrying value as at June 30, 2016** | **1,029** | **-** | **47** | **78** | **17** | **245** | **75** | **462** |
| **Net carrying value as at April 01, 2016** | **1,022** | **-** | **51** | **90** | **18** | **247** | **93** | **499** |
| Estimated useful life (in years) | NA | 5 | 4 | 3 - 5 | 5 | 10 | 2 - 3 | |
| Estimated remaining useful life (in years) | NA | - | 1.75 | 0.75 - 3 | 2.75 - 3 | 8 | 0.05 - 1.69 | |

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

**Non-current assets**

**5 Financial assets**

**5.1 Investments**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **1) Investment in equity instruments (unquoted)** | | | |
| **Wholly owned subsidiaries** | | | |
| Mindtree Software (Shanghai) Co., Ltd ('MSSCL') | 14 | 14 | 14 |
| 1,129,904 (March 31, 2017: 1,129,904 and April 1, 2016: 1,104,124) fully paid equity shares of £0.001 each in Bluefin Solutions Limited ('Bluefin') | 4,065 | 4,065 | 3,981 |
| | **4,079** | **4,079** | **3,995** |
| **Others** | | | |
| 2,400 (March 31, 2017: 2,400 and April 1, 2016: 2,400) equity shares in Career Community.com Limited | - | - | - |
| 950,000 (March 31, 2017: 950,000 and April 1, 2016: 950,000) equity shares of Re 1 each in NuvePro Technologies Private Limited | 1 | 1 | 1 |
| 12,640 (March 31, 2017: 12,640 and April 1, 2016: 12,640) equity shares in Worldcast Technologies Private Limited | - | - | - |
| | **1** | **1** | **1** |
| **2) Investment in wholly owned limited liability company (unquoted)** | | | |
| Magnet 360, L.L.C. ('Magnet') | 3,201 | 2,962 | 2,962 |
| | **3,201** | **2,962** | **2,962** |
| **3) Investment in preference shares (unquoted)** | | | |
| 643,790 (March 31, 2017: 643,790 and April 1, 2016: 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 | 7 | 11 |
| | **7** | **7** | **11** |
| **4) Investment in non-convertible bonds (quoted)** | | | |
| 50 (March 31, 2017: 50 and April 1, 2016: 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** | **50** | **50** |
| **Total** | **7,338** | **7,099** | **7,019** |
| **Aggregate amount of quoted investments** | **50** | **50** | **50** |
| **Aggregate market value of quoted investments** | **50** | **50** | **50** |
| **Aggregate amount of unquoted investments** | **7,288** | **7,049** | **6,969** |
| **Aggregate amount of impairment in value of investments** | **1** | **1** | **1** |

**5.2 Loans**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| ***(Unsecured considered good)*** | | | |
| Security deposits* | 668 | 664 | 652 |
| **Total** | **668** | **664** | **652** |

* Include balances from related parties Rs. 270 as at June 30, 2017 (As at March 31, 2017: Rs. 270 and April 1, 2016: Rs. 270). Refer note 31 for related party balances.

**5.3 Other financial assets**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Other receivable | - | 209 | 189 |
| **Total** | **-** | **209** | **189** |

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

**6 Other non-current assets**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Capital advances | 41 | 27 | 42 |
| Advance income-tax including tax deducted at source (net of provision for taxes) | 1,054 | 1,104 | 934 |
| Prepaid expenses | 146 | 152 | 170 |
| Service tax receivable | 11 | 1 | 138 |
| Others | 6 | 16 | 16 |
| **Total** | **1,258** | **1,300** | **1,300** |

**Current assets**

**7 Financial assets**

**7.1 Investments**

| **Particulars** | **As at June 30, 2017** | | **As at March 31, 2017** | | **As at April 1, 2016** | |
|---|---|---|---|---|---|---|
| **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 | 20,112,713 | 604 | 20,337,960 | 475 | 17,401,890 | 325 |
| IDFC Mutual Fund | 50,594,596 | 815 | 30,177,703 | 483 | 16,285,532 | 198 |
| UTI Mutual Fund | 12,722,935 | 511 | 6,524,291 | 314 | 3,456,138 | 64 |
| Birla Sun Life Mutual Fund | 6,079,428 | 415 | 8,342,033 | 468 | 14,185,302 | 234 |
| Reliance Mutual Fund | 20,751,592 | 513 | 14,984,782 | 434 | 17,651,564 | 335 |
| Axis Mutual Fund | 6,288,402 | 440 | 6,136,034 | 184 | - | - |
| Tata Mutual Fund | 11,297,078 | 377 | 13,695,729 | 357 | 21,243,549 | 361 |
| SBI Mutual Fund | 8,874,714 | 566 | 5,703,787 | 331 | 5,597,950 | 98 |
| Sundaram Mutual Fund | 10,450,872 | 254 | 3,954,557 | 101 | - | - |
| L & T Mutual Fund | 21,679,577 | 542 | 13,259,434 | 315 | - | - |
| HDFC Mutual Fund | 23,548,303 | 629 | 33,595,174 | 692 | 3,635,659 | 191 |
| Bank of India AXA Mutual Fund | 19,304,301 | 282 | 15,346,945 | 226 | 10,000,000 | 110 |
| Kotak Mutual Fund | 9,524,367 | 295 | 9,497,288 | 230 | - | - |
| IDBI Mutual Fund | 57,230 | 102 | 69,403 | 122 | - | - |
| DSP Blackrock Mutual Fund | 30,750,330 | 404 | 27,949,288 | 357 | - | - |
| DHFL Pramerica Mutual Fund (DHFL)* | 5,517,850 | 92 | 4,320,662 | 70 | - | - |
| Invesco Mutual Fund | 52,724 | 101 | - | - | - | - |
| **Total** | | **6,942** | | **5,159** | | **1,916** |
| **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 | 100 | 100 | 50 | 50 |
| **Total** | | **100** | | **100** | | **100** |
| **Investments in term deposits (unquoted)** | | | | | | |
| Interest bearing deposits with:- | | | | | | |
| -IL&FS Limited | | - | | - | | 100 |
| -Bajaj Finance Limited | | 360 | | 360 | | 50 |
| -Kotak Mahindra Investments Limited | | 250 | | 250 | | 50 |
| -LIC Housing Finance Limited | | - | | - | | 50 |
| **Total** | | **610** | | **610** | | **250** |
| **Grand Total** | | **7,652** | | **5,869** | | **2,266** |
| **Aggregate carrying amount of quoted investments** | | **7,042** | | **5,259** | | **2,016** |
| **Aggregate market value of quoted investments** | | **7,042** | | **5,259** | | **2,016** |
| **Aggregate amount of unquoted investments** | | **610** | | **610** | | **250** |

* 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 June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| *(Unsecured )* | | | |
| Considered good | 7,469 | 8,166 | 8,885 |
| Considered doubtful | 96 | 96 | 124 |
| Less: Allowance for doubtful debts | (96) | (96) | (124) |
| **Total** | **7,469** | **8,166** | **8,885** |

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 historically 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% | 1.6% | 25.0% | 60.0% |

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

**Movement in the expected credit loss allowance**

| **Particulars** | **For the period ended** | | |
|---|---|---|---|
| | **June 30, 2017** | **June 30, 2016** | **March 31, 2017** |
| Balance at the beginning of the period | 96 | 124 | 124 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | - | (1) | (28) |
| **Provision at the end of the period** | **96** | **123** | **96** |

**7.3 Cash and cash equivalents**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Cash on hand | - | - | - |
| Balances with banks in current accounts and deposit accounts* | 1,761 | 2,019 | 1,751 |
| Other bank balances** | 10 | 346 | 343 |
| **Cash and cash equivalents as per balance sheet** | **1,771** | **2,365** | **2,094** |
| Book overdrafts used for cash management purposes (Refer note 13.2) | (13) | - | (395) |
| **Cash and cash equivalents as per statement of cash flow** | **1,758** | **2,365** | **1,699** |

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 and dividend payable.

**7.4 Loans**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| *(Unsecured, considered good)* | | | |
| Security deposits* | 13 | 12 | 37 |
| **Total** | **13** | **12** | **37** |

* Include balances from related parties Rs. Nil as at June 30, 2017 (As at March 31, 2017: Rs. Nil and April 1, 2016: Rs. 28). Refer note 31 for related party balances.

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

**7.5 Other financial assets**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Advances to employees | 258 | 296 | 435 |
| Less: Provision for doubtful advances to employees | (11) | (14) | (21) |
| | 247 | 282 | 414 |
| Accrued income | 22 | 21 | 19 |
| Derivative assets | 7 | 37 | 53 |
| Unbilled revenue | 2,162 | 1,696 | 1,839 |
| Other receivables | - | - | 141 |
| **Total** | **2,438** | **2,036** | **2,466** |

**8 Other current assets**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Advance to supplier* | 62 | 39 | 94 |
| Prepaid expenses | 551 | 677 | 729 |
| Others | 194 | 190 | 161 |
| **Total** | **807** | **906** | **984** |

* Include balances from related parties Rs. 6 as at June 30, 2017 (As at March 31, 2017: Rs. Nil and April 1, 2016: Rs. Nil). 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 June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Authorised** | | | |
| 800,000,000 (March 31, 2017: 800,000,000 and April 1, 2016: 800,000,000) equity shares of Rs10/- each | 8,000 | 8,000 | 8,000 |
| **Issued, subscribed and paid-up capital** | | | |
| 168,122,886 (March 31, 2017: 168,025,546 and April 1, 2016: 167,786,176) equity shares of Rs 10/- each fully paid | 1,681 | 1,680 | 1,678 |
| **Total** | **1,681** | **1,680** | **1,678** |

**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 June 30, 2017 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| | No of shares | Rs | No of shares | Rs | No of shares | Rs |
| Number of shares outstanding at the beginning of the period | 168,025,546 | 1,680 | 167,786,176 | 1,678 | 83,732,372 | 837 |
| Add: Shares issued on exercise of employee stock options and restricted shares | 97,340 | 1 | 239,370 | 2 | 160,716 | 2 |
| Add: Bonus shares issued * | - | - | - | - | 83,893,088 | 839 |
| Number of shares outstanding at the end of the period | 168,122,886 | 1,681 | 168,025,546 | 1,680 | 167,786,176 | 1,678 |

*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 June 30, 2017 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| **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% | 17,461,768 | 10.4% |
| 2. Nalanda India Fund Limited | 15,796,356 | 9.4% | 15,796,356 | 9.4% | 15,796,356 | 9.4% |
| 3. Coffee Day Trading Limited | 10,594,244 | 6.3% | 10,594,244 | 6.3% | 10,594,244 | 6.3% |

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

**e)** In the period of five years immediately preceding June 30, 2017:

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 Board of Directors of the Company at its meeting held on June 28, 2017, has approved buyback of up to 4,320,000 equity shares of Rs 10 each, on a proportionate basis, at a price of Rs 625 per equity share payable in cash for an aggregate consideration of Rs 2,700 (Rupees Twenty Seven Hundred million only), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, GST, stamp duty, etc., by way of a Tender Offer, through Board approval route through Stock Exchange Mechanism. The record date for the buyback is July 11, 2017. This is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, and other applicable laws and regulations. The buyback is a capital allocation decision taken with the objective of seeking a fairer valuation of the Company's stock while improving the Company's Return on Equity, and increasing shareholder value in the long term. The offer size of the buyback is within the prescribed limit of 10% of the aggregate of paid up capital and free reserves of the Company as on March 31, 2017 and represents 9.83% of the total issued and paid-up equity share capital and free reserves as on March 31, 2017, of the Company.

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

**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 June 30, 2017, March 31, 2017 and April 1, 2016.

**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 June 30, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of share options | Weighted average Exercise price | Number of share options | Weighted average Exercise price |
| Outstanding options, beginning of the period | 1,680 | 12.50 | 18,360 | 12.50 |
| Granted during the period | - | - | - | - |
| Exercised during the period | 280 | 12.50 | 4,640 | 12.50 |
| Lapsed during the period | - | | - | - |
| Forfeited during the period | - | - | - | - |
| Outstanding options, end of the period | **1,400** | **12.50** | **13,720** | **12.50** |
| Options vested and exercisable, end of the period | 1,400 | 12.50 | 13,720 | 12.50 |

**Program 3 [ESOP 2006 (a)]**

This plan was terminated on October 25, 2006 and there are no options outstanding as at June 30, 2017, March 31, 2017 and April 1, 2016.

**Program 4 [ESOP 2006 (b)]**

Options under this program are granted to employees at an exercise price periodically determined by the Nomination and Remuneration Committee. All stock options have a four-year vesting term and vest and become fully exercisable at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant. There are no outstanding options as at June 30, 2017, March 31, 2017 and April 1, 2016.

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

**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 June 30, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of Share options | Weighted average Exercise Price | Number of Share options | Weighted average Exercise Price |
| Outstanding options, beginning of the period | 145,456 | 105.88 | 152,336 | 106.50 |
| Granted during the period | - | - | - | - |
| Exercised during the period | - | - | - | - |
| Lapsed during the period | - | - | - | - |
| Forfeited during the period | - | - | - | - |
| Outstanding options, end of the period | **145,456** | **105.88** | **152,336** | **106.50** |
| Options vested and exercisable, end of the period | 145,456 | 105.88 | 152,336 | 106.50 |

**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 June 30, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of Share options | Weighted average Exercise Price | Number of Share options | Weighted average Exercise Price |
| Outstanding options, beginning of the period | - | - | 40,000 | 123.25 |
| Granted during the period | - | - | - | - |
| Exercised during the period | - | - | - | - |
| Lapsed during the period | - | - | 40,000 | 123.25 |
| Forfeited during the period | - | - | - | - |
| Outstanding options, end of the period | - | - | - | - |
| Options vested and exercisable, end of the period | - | - | - | - |

**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 June 30, 2017, March 31, 2017 and April 1, 2016.

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

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

| Particulars | Quarter ended June 30, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of Share options | Weighted average Exercise Price | Number of Share options | Weighted average Exercise Price |
| Outstanding shares, beginning of the period | - | - | - | - |
| Granted during the period | 123,085 | 10.00 | - | - |
| Exercised during the period | 97,060 | 10.00 | - | - |
| Lapsed during the period | - | - | - | - |
| Forfeited during the period | - | - | - | - |
| **Outstanding shares, end of the period** | **26,025** | 10.00 | **-** | **-** |
| Options vested and exercisable, end of the period | 26,025 | 10.00 | - | - |

**(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 outstanding options/ units as at June 30, 2017 are given below:

| **Particulars** | **Phantom stock options plan** |
|---|---|
| Total no. of units/ shares | 1,195,000 |
| Vested units/ shares | - |
| Lapsed units/ shares | 537,750 |
| Forfeited units/ shares | - |
| Cancelled units/ shares | - |
| Outstanding units/shares as at 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 | 200,200 |
| Number of units/shares granted under letters of intent during the period | 645,000 |
| Vested units/ shares | 123,085 |
| Lapsed units/ shares | 22,115 |
| Forfeited units/ shares | 40,000 |
| Cancelled units/ shares | - |
| Outstanding units/shares as at the end of the period | **660,000** |
| Contractual life | 1-4 years |
| Date of grant* | 18-Jul-13, 12-May-15, 21-Oct-15, 27-Oct-15, 25-Feb-16, 24-Aug-16, 14-Apr-17 |
| Price per share/ unit* | Exercise price of Rs. 10 |

*Based on Letter of Intent
**Does not include direct allotment of shares

The following tables summarize information about the options/ shares outstanding under various programs as at June 30, 2017, March 31, 2017 and April 1, 2016 respectively:

| **Particulars** | **As at June 30, 2017** | | |
|---|---|---|---|
| | **Number of options/shares** | **Weighted average remaining contractual life (in years)** | **Weighted average exercise price (in Rs)** |
| Program 2 | 1,400 | 0.25 | 12.50 |
| Program 5 | 145,456 | 0.08 | 105.88 |
| ERSP | 26,025 | 0.25 | 10.00 |

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

| | **As at April 1, 2016** | | |
|---|---|---|---|
| **Particulars** | **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)**

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the quarter ended was Rs 442.90 using the Black-Scholes model with the following assumptions:

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

| 10 | **Other equity** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|---|
| 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. | 1,275 | 1,238 | 1,122 |
| c) | **General reserve** | | | |
| | This represents appropriation of profit by the Company. | 1,542 | 1,542 | 1,542 |
| d) | **Special Economic Zone reinvestment reserve** | | | |
| | The Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income Tax Act, 1961. The reserve should be utilised by the Company for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of the Income Tax Act, 1961. | 197 | - | - |
| e) | **Retained earnings** | | | |
| | Retained earnings comprise of the Company's prior years' undistributed earnings after taxes. | 24,054 | 22,752 | 20,007 |
| f) | **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. | 61 | 51 | 107 |
| g) | **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 |
| h) | **Foreign currency translation reserve** | | | |
| | Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. | 10 | 10 | 23 |
| i) | **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. | (31) | (36) | (28) |
| | **Total** | **27,195** | **25,644** | **22,863** |

**(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 year ended March 31, 2017 was Rs 10.

The Board of Directors at its meeting held on April 20, 2017 have recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately Rs 607, inclusive of dividend distribution tax.

**Non- current liabilities**

**11 Financial liabilities**

**11.1 Borrowings**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| *(Unsecured)* | | | |
| Other loans* | 9 | 13 | 18 |
| **Total** | **9** | **13** | **18** |

*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 in June 2021. There is no default in the repayment of the principal loan and interest amounts.

**11.2 Other financial liabilities**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Liability towards acquisition of businesses | - | 195 | 747 |
| **Total** | **-** | **195** | **747** |

**12 Other non-current liabilities**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Other liabilities* | 74 | 71 | 92 |
| **Total** | **74** | **71** | **92** |

*Includes deferred revenue arising from Government grant as at June 30, 2017 Rs Nil (As at March 31, 2017 Rs Nil and April 1, 2016 Rs 11).

**Current liabilities**

**13 Financial liabilities**

**13.1 Borrowings**

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| ***(Secured)*** | | | |
| Other loans from bank | - | - | 400 |
| ***(Unsecured)*** | | | |
| Other loans from bank | 958 | 942 | - |
| **Total** | **958** | **942** | **400** |

Loans from bank (secured) represent the packing credit loan from bank secured against receivables, which has been repaid during the year ended March 31, 2017.
Other loans from bank (unsecured) represent the commercial paper offering from HDFC bank taken during the previous year ended March 31, 2017.

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

**13.2 Other financial liabilities**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Current maturities of long-term debt* | 5 | 5 | 5 |
| Interest accrued but not due on borrowings* | - | - | 1 |
| Book overdraft | 13 | - | 395 |
| Unpaid dividends | 10 | 9 | 7 |
| Dividend payable (inclusive of dividend distribution tax)** | - | 404 | 336 |
| Employee benefits payable | 1,108 | 1,263 | 1,277 |
| Derivative liabilities | 4 | - | 1 |
| Liability towards acquisition of businesses | 557 | 806 | 684 |
| **Total** | **1,697** | **2,487** | **2,706** |

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

** Represents interim dividend declared on March 27, 2017 and March 23, 2016

**14 Other current liabilities**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Unearned income | 534 | 427 | 248 |
| Statutory dues (including provident fund and tax deducted at source) | 285 | 330 | 366 |
| Advances from customer | 55 | 67 | 44 |
| Gratuity payable (net)* | 100 | 91 | 134 |
| Others** | 37 | 50 | 58 |
| **Total** | **1,011** | **965** | **850** |

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

** Includes deferred revenue arising from Government grant as at June 30, 2017 Rs. 8 (As at March 31, 2017 Rs. 10 and April 1, 2016 Rs. 10).

**15 Provisions**

| Particulars | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Provision for post contract support services | 8 | 8 | 7 |
| Provision for discount | 371 | 413 | 664 |
| Provision for compensated absences | 622 | 595 | 538 |
| Provision for foreseeable losses on contracts | 18 | 7 | - |
| Provision for disputed dues* | 82 | 81 | 76 |
| **Total** | **1,101** | **1,104** | **1,285** |

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 period ended | | |
|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | March 31, 2017 |
| Balance at the beginning of the period | 8 | 7 | 7 |
| Provisions made during the period | - | - | 1 |
| **Provision at the end of the period** | **8** | **7** | **8** |

**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 period ended | | |
|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | March 31, 2017 |
| Balance at the beginning of the period | 413 | 664 | 664 |
| Provisions made during the period | 108 | 105 | 464 |
| Utilisations during the period | (149) | (203) | (663) |
| Released during the period | (1) | (9) | (52) |
| **Provision at the end of the period** | **371** | **557** | **413** |

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

**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 period ended | | |
|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | March 31, 2017 |
| Balance at the beginning of the period | 7 | - | - |
| Provisions made during the period | 11 | 16 | 7 |
| **Provision at the end of the period** | **18** | **16** | **7** |

**Provision for disputed dues**

| Particulars | For the period ended | | |
|---|---|---|---|
| | June 30, 2017 | June 30, 2016 | March 31, 2017 |
| Balance at the beginning of the period | 81 | 76 | 76 |
| Provisions made during the period | 1 | 2 | 5 |
| **Provision at the end of the period** | **82** | **78** | **81** |

**16 Income tax**

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

| Particulars | For the quarter ended | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| *Current income tax:* | | |
| In respect of the current period | 385 | 465 |
| *Deferred tax* | | |
| In respect of the current period | (2) | (66) |
| **Income tax expense recognised in the statement of profit or loss** | **383** | **399** |
| **Income tax recognised in other comprehensive income** | | |
| - Current tax arising on income and expense recognised in other comprehensive income | | |
| Net loss / (gain) on remeasurement of defined benefit plan | (1) | (1) |
| - Deferred tax arising on income and expense recognised in other comprehensive income | | |
| Net loss / (gain) on investment in equity shares at FVTOCI | - | 1 |
| **Total** | **(1)** | **-** |

**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 | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Profit before tax | 1,882 | 1,731 |
| Enacted income tax rate in India | 34.61% | 34.61% |
| Computed expected tax expense | 652 | 599 |
| **Effect of:** | | |
| Income exempt from tax | (351) | (312) |
| Temporary differences reversing during the tax holiday period | 6 | 11 |
| Expenses that are not deductible in determining taxable profit | 17 | 9 |
| Different tax rates of branches operating in other jurisdictions | 51 | 90 |
| Income subject to different tax rates | - | (14) |
| Others | 8 | 16 |
| **Income tax expense recognised in the statement of profit and loss** | **383** | **399** |

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

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

**Deferred tax**

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

| **Particulars** | **April 1, 2017** | **Recognised in profit and loss** | **Recognised in Other Comprehensive Income** | **Others** | **June 30, 2017** |
|---|---|---|---|---|---|
| Property, plant and equipment | 327 | 28 | - | - | 355 |
| Provision for doubtful debts | 13 | 2 | - | - | 15 |
| Provision for compensated absence | 262 | 4 | - | - | 266 |
| Provision for volume discount | 42 | (10) | - | - | 32 |
| Intangibles | (63) | 2 | | | (61) |
| Net gain on fair value of mutual funds | (64) | (31) | - | - | (95) |
| FVTOCI financial investments | - | - | - | - | - |
| MAT Credit entitlement | 198 | - | - | (20) | 178 |
| Others | 68 | 7 | - | - | 75 |
| **Total** | **783** | **2** | **-** | **(20)** | **765** |

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

| **Particulars** | **April 1, 2016** | **Recognised in profit and loss** | **Recognised in Other Comprehensive Income** | **Others** | **March 31, 2017** |
|---|---|---|---|---|---|
| Property, plant and equipment | 254 | 73 | - | - | 327 |
| Provision for doubtful debts | 22 | (9) | - | - | 13 |
| Provision for compensated absence | 203 | 59 | - | - | 262 |
| Provision for volume discount | 73 | (31) | - | - | 42 |
| Intangibles | (85) | 22 | - | | (63) |
| Net gain on fair value of mutual funds | (56) | (8) | - | - | (64) |
| FVTOCI financial investments | (1) | - | 1 | - | - |
| MAT Credit entitlement | 198 | - | - | - | 198 |
| Others | 50 | 18 | - | - | 68 |
| **Total** | **658** | **124** | **1** | **-** | **783** |

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

| **Particulars** | **April 1, 2016** | **Recognised in profit and loss** | **Recognised in Other Comprehensive Income** | **Others** | **June 30, 2016** |
|---|---|---|---|---|---|
| Property, plant and equipment | 254 | 19 | - | - | 273 |
| Provision for doubtful debts | 22 | 4 | - | - | 26 |
| Provision for compensated absence | 203 | 22 | - | - | 225 |
| Provision for volume discount | 73 | (6) | - | - | 67 |
| Intangibles | (85) | 14 | - | - | (71) |
| Net gain on fair value of mutual funds | (56) | (2) | - | - | (58) |
| FVTOCI financial investments | (1) | - | 1 | - | - |
| MAT Credit entitlement | 198 | - | - | (9) | 189 |
| Others | 50 | 15 | - | - | 65 |
| **Total** | **658** | **66** | **1** | **(9)** | **716** |

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

| **Particulars** | **As at June 30, 2017** | **March 31, 2017** | **April 1, 2016** |
|---|---|---|---|
| Unused tax losses(long term capital loss) which expire in: | | | |
| -FY 2016-17 | - | 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 | 28 |
| -FY 2023-24 | 22 | 22 | - |
| Unused tax losses of foreign jurisdiction | 132 | 149 | 152 |

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 June 30, 2017** | **For the quarter ended June 30, 2016** |
|---|---|---|
| Dividend income from investments in mutual funds | 1 | 2 |
| Net gain on financial assets designated at fair value through profit and loss | 135 | 53 |
| Foreign exchange gain, net | 30 | 80 |
| Interest income on financial assets at amortised cost | 61 | 25 |
| Reversal of liability towards acquisition of business** | 374 | 11 |
| Others * | 63 | 19 |
| **Total** | **664** | **190** |

* Includes net gain on disposal of property, plant and equipment for the quarter ended June 30, 2017 Rs 4 and June 30, 2016 Rs. 2 and also includes income from government grants for the quarter ended June 30, 2017 Rs 3 and June 30, 2016 Rs 3.

** During the quarter, the Company entered in to a payment resolution agreement with the erstwhile shareholders of one of the subsidiaries. Consequently, Rs 374 representing liability no longer required and written back has been recognised under other income.

**18 Employee benefits expense**

| **Particulars** | **For the quarter ended June 30, 2017** | **For the quarter ended June 30, 2016** |
|---|---|---|
| Salaries and wages | 7,143 | 7,090 |
| Contribution to provident and other funds* | 430 | 401 |
| Expense on employee stock based compensation (Refer note 9) | 47 | 19 |
| Staff welfare expenses | 46 | 62 |
| **Total** | **7,666** | **7,572** |

* Includes contribution to defined contribution plan for the quarter ended June 30, 2017 Rs 402 (for the quarter ended June 30, 2016: Rs 375)

**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 June 30, 2017** | **For the quarter ended June 30, 2016** |
|---|---|---|
| **Gratuity cost** | | |
| Service cost | 26 | 24 |
| Net interest on net defined liability/(asset) | 2 | 2 |
| Re-measurement - actuarial (gain)/loss recognised in OCI | (6) | (4) |
| **Net gratuity cost** | **22** | **22** |
| | | |
| **Assumptions** | | |
| Interest rate | 6.70% | 7.70% |
| Salary increase | 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 June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| **Change in projected benefit obligations** | | | |
| Obligations at the beginning of the period | 591 | 513 | 413 |
| Service cost | 26 | 97 | 91 |
| Interest cost | 10 | 36 | 29 |
| Benefits settled | (14) | (69) | (50) |
| Actuarial (gain)/loss - experience | (9) | 13 | 30 |
| Actuarial (gain)/loss – demographic assumptions | - | 3 | - |
| Actuarial (gain)/loss – financial assumptions | 3 | (2) | - |
| **Obligations at end of the period** | **607** | **591** | **513** |
| | | | |
| **Change in plan assets** | | | |
| Plan assets at the beginning of the period, at fair value | 500 | 375 | 395 |
| Interest income on plan assets | 8 | 32 | 32 |
| Re-measurement - actuarial gain/(loss) | - | - | (6) |
| Return on plan assets greater/(lesser) than discount rate | - | 4 | 4 |
| Contributions | 12 | 154 | - |
| Benefits settled | (13) | (65) | (50) |
| **Plan assets at the end of the period at fair value** | **507** | **500** | **375** |

Historical information: -

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at March 31, 2016** | **As at March 31, 2015** | **As at March 31, 2014** |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | (607) | (591) | (513) | (413) | (365) |
| Fair value of plan assets | 507 | 500 | 375 | 395 | 363 |
| **Asset/ (liability) recognized** | **(100)** | **(91)** | **(138)** | **(18)** | **(2)** |

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

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Experience adjustment on plan liabilities | (6) | 14 | 30 |
| Experience adjustment on plan assets | - | (4) | 2 |

**Sensitivity analysis**

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

| | **As at June 30, 2017** | | **As at March 31, 2017** | | **As at April 1, 2016** | |
|---|---|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (1% movement) | (30) | 33 | (29) | 32 | (26) | 29 |
| Future salary growth (1% movement) | 32 | (30) | 31 | (29) | 28 | (26) |

Maturity profile of defined benefit obligation:

| **Particulars** | **As at June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Within 1 year | 96 | 98 | 77 |
| 1-2 years | 106 | 104 | 86 |
| 2-3 years | 112 | 110 | 95 |
| 3-4 years | 124 | 119 | 101 |
| 4-5 years | 131 | 129 | 117 |
| 5-10 years | 626 | 605 | 603 |

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

The Company expects to contribute Rs 96 to its defined benefit plans during the next fiscal year.

As at June 30, 2017, March 31, 2017 and April 1, 2016, 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 | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Interest expense on financial instrument designated at | | |
| - Fair value through profit and loss | 23 | 50 |
| - Amortised cost | 16 | 1 |
| **Total** | **39** | **51** |

**20 Depreciation and amortization expense**

| Particulars | For the quarter ended | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Depreciation of property, plant and equipment (Refer note 3) | 312 | 315 |
| Amortization of other intangible assets (Refer note 4) | 37 | 45 |
| **Total** | **349** | **360** |

**21 Other expenses**

| Particulars | For the quarter ended | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Travel expenses | 680 | 633 |
| Communication expenses | 183 | 173 |
| Sub-contractor charges | 727 | 706 |
| Computer consumables | 194 | 190 |
| Legal and professional charges | 93 | 107 |
| Power and fuel | 87 | 91 |
| Lease rentals (Refer note 26) | 210 | 209 |
| Repairs and maintenance | | |
| - Buildings | 9 | 14 |
| - Machinery | 11 | 15 |
| Insurance | 19 | 24 |
| Rates and taxes | 51 | 31 |
| Other expenses | 492 | 434 |
| **Total** | **2,756** | **2,627** |

**22 Auditor's remuneration**

| Particulars | For the quarter ended | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| **As auditor:** | | |
| Audit fee | 4 | 4 |
| Other services | 1 | 1 |
| Reimbursement of expenses and levies | - | 1 |
| **Total** | **5** | **6** |

**(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 | | | |
|---|---|---|---|---|
| | June 30, 2017 | | June 30, 2016 | |
| | Basic EPS | Diluted EPS | Basic EPS | Diluted EPS |
| Weighted average number of equity shares outstanding during the period | 168,034,220 | 168,034,220 | 167,816,598 | 167,816,598 |
| Weighted average number of equity shares resulting from assumed exercise of employee stock options | - | 223,296 | - | 300,440 |
| Weighted average number of equity shares for calculation of earnings per share | 168,034,220 | 168,257,516 | 167,816,598 | 168,117,038 |

**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 | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Grant towards workforce training | - | 2 |
| **Total** | **-** | **2** |

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 June 30, 2017**

| Particulars | Equity Instruments through Other Comprehensive Income | FCTR | 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 | - | - | 6 | 6 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | (1) | (1) |
| **Total** | **-** | **-** | **5** | **5** |

**During the quarter ended June 30, 2016**

| Particulars | Equity Instruments through Other Comprehensive Income | FCTR | 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 | - | - | 4 | 4 |
| 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 | - | (1) | - |
| | **(3)** | **-** | **3** | **-** |
| B) (i) Items that will be reclassified to profit or loss | | | | |
| Foreign exchange translation differences | - | 13 | - | 13 |
| **Total** | **(3)** | **13** | **3** | **13** |

## 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 ended June 30, 2017 amounted to Rs 90 (for the quarter ended June 30, 2016: Rs 93). Future minimum lease payments under non-cancellable operating lease are as below:

| Particulars | | As at | |
|---|---|---|---|
| | June 30, 2017 | March 31, 2017 | April 1, 2016 |
| Payable – Not later than one year | 198 | 236 | 308 |
| Payable – Later than one year and not later than five years | 389 | 411 | 359 |
| Payable – Later than five years | 288 | 305 | 258 |

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the quarter ended June 30, 2017 is Rs 120 (for the quarter ended June 30, 2016: Rs 116).

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

**27 Financial instruments**

The carrying value and fair value of financial instruments by categories as at June 30, 2017, March 31, 2017 and April 1, 2016 is as follows:

| **Particulars** | **Carrying value** | | | **Fair value** | | |
|---|---|---|---|---|---|---|
| | **June 30,** | **March 31,** | **April 1,** | **June 30,** | **March 31,** | **April 1,** |
| **Financial assets** | **2017** | **2017** | **2016** | **2017** | **2017** | **2016** |
| **Amortised cost** | | | | | | |
| Loans | 681 | 676 | 689 | 681 | 676 | 689 |
| Trade receivable | 7,469 | 8,166 | 8,885 | 7,469 | 8,166 | 8,885 |
| Cash and cash equivalents | 1,771 | 2,365 | 2,094 | 1,771 | 2,365 | 2,094 |
| Other financial assets | 2,431 | 2,208 | 2,602 | 2,431 | 2,208 | 2,602 |
| Investment in debt securities (quoted) | 150 | 150 | 150 | 150 | 150 | 150 |
| Investment in term deposits | 610 | 610 | 250 | 610 | 610 | 250 |
| **FVTOCI** | | | | | | |
| Investment in equity instruments (unquoted) | 1 | 1 | 1 | 1 | 1 | 1 |
| Investment in preference shares (unquoted) | 7 | 7 | 11 | 7 | 7 | 11 |
| **FVTPL** | | | | | | |
| Investments in mutual fund | 6,942 | 5,159 | 1,916 | 6,942 | 5,159 | 1,916 |
| Derivative assets | 7 | 37 | 53 | 7 | 37 | 53 |
| **Total assets** | **20,069** | **19,379** | **16,651** | **20,069** | **19,379** | **16,651** |
| **Financial liabilities** | | | | | | |
| **Amortised cost** | | | | | | |
| Borrowings | 972 | 960 | 423 | 972 | 960 | 423 |
| Trade payables | 1,161 | 1,306 | 1,425 | 1,161 | 1,306 | 1,425 |
| Other financial liabilities | 1,131 | 1,676 | 2,016 | 1,131 | 1,676 | 2,016 |
| **FVTPL** | | | | | | |
| Liability towards acquisition of business | 557 | 1,001 | 1,431 | 557 | 1,001 | 1,431 |
| Derivative liabilities | 4 | - | 1 | 4 | - | 1 |
| **Total liabilities** | **3,825** | **4,943** | **5,296** | **3,825** | **4,943** | **5,296** |

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 funds are based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

iii) Fair values of the 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 June 30, 2017 was assessed to be insignificant.

iv) The fair values of the unquoted equity and preference 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 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 June 30, 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial 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 June 30, 2017, March 31, 2017 and April 1, 2016.

Quantitative disclosures of fair value measurement hierarchy for financial assets as at June 30, 2017:

| 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 | June 30, 2017 | 7 | - | 7 | - |
| FVTOCI financial assets designated at fair value (Notes 27 &5.1): | | | | | |
| Investment in equity instruments (unquoted) | June 30, 2017 | 1 | - | - | 1 |
| Investment in preference shares (unquoted) | June 30, 2017 | 7 | - | - | 7 |
| FVTPL financial assets designated at fair value (Notes 27 &7.1): | | | | | |
| Investment in mutual funds (quoted) | June 30, 2017 | 6,942 | 6,942 | - | - |
| **Financial liabilities measured at fair value:** | | | | | |
| Derivative financial liabilities (Notes 27 &13.2): | | | | | |
| Foreign exchange forward contracts | June 30, 2017 | 4 | - | 4 | - |
| Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2): | | | | | |
| Liability towards acquisition of business | June 30, 2017 | 557 | - | - | 557 |

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

Quantitative disclosures of fair value measurement hierarchy for financial assets as at March 31, 2017:

| 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 | March 31, 2017 | 37 | - | 37 | - |
| FVTOCI financial assets designated at fair value (Notes 27 &5.1): | | | | | |
| Investment in equity instruments (unquoted) | March 31, 2017 | 1 | - | - | 1 |
| Investment in preference shares (unquoted) | March 31, 2017 | 7 | - | - | 7 |
| FVTPL financial assets designated at fair value (Notes 27 &7.1): | | | | | |
| Investment in mutual funds (quoted) | March 31, 2017 | 5,159 | 5,159 | - | - |
| **Financial liabilities measured at fair value:** | | | | | |
| Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2): | | | | | |
| Liability towards acquisition of business | March 31, 2017 | 1,001 | - | - | 1,001 |

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 of fair value measurement hierarchy for financial assets as at April 1, 2016:

| 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, 2016 | 53 | - | 53 | - |
| FVTOCI financial assets designated at fair value (Notes 27 &5.1): | | | | | |
| Investment in equity instruments (unquoted) | April 1, 2016 | 1 | - | - | 1 |
| Investment in preference shares (unquoted) | April 1, 2016 | 11 | - | - | 11 |
| FVTPL financial assets designated at fair value (Notes 27 &7.1): | | | | | |
| Investment in mutual funds (quoted) | April 1, 2016 | 1,916 | 1,916 | - | - |
| **Financial liabilities measured at fair value:** | | | | | |
| Derivative financial liabilities (Notes 27 &13.2): | | | | | |
| Foreign exchange forward contracts | April 1, 2016 | 1 | - | 1 | - |
| Financial liabilities designated at FVTPL (Notes 27, 11.2 & 13.2): | | | | | |
| Liability towards acquisition of business | April 1, 2016 | 1,431 | - | - | 1,431 |

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 June 30, 2017 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| **Opening balance** | 7 | 11 | 11 |
| Remeasurement recognised in OCI | - | (4) | - |
| Purchases | - | - | - |
| Sales | - | - | - |
| **Closing balance** | **7** | **7** | **11** |

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

| | As at June 30, 2017 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| **Opening balance** | 1,001 | 1,431 | 458 |
| Additions during the period | - | - | 1,106 |
| Fair value movement recognised in statement of profit and loss | 23 | 182 | 157 |
| Reversal during the period | (374) | (45) | - |
| Remeasurement recognised in statement of profit and loss | - | - | - |
| Translation adjustment | 11 | (100) | 3 |
| Payout during the period | (104) | (467) | (293) |
| **Closing balance** | **557** | **1,001** | **1,431** |

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

| Name of Financial Assets/Liabilities | Valuation Techniques | Significant unobservable inputs | Sensitivity of the inputs to fair value |
|---|---|---|---|
| Liability towards acquisition of business | Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company arising from the liability towards acquisition of business. | a) Discount rate determined using capital asset pricing model<br><br>b) Revenue, operating margins and synergies from the acquired entities. | a) Any increase in the discount rate would result in a decrease in the fair value<br><br>b) Any increase in the probable revenue, operating margin and synergies would result in increase in the fair value. |

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.

**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 | | |
|---|---|---|---|
| | June 30, 2017 | March 31, 2017 | April 1, 2016 |
| Non-designated derivative instruments (Sell): | | | |
| in USD millions | 31 | 19 | 31 |
| in EUR millions | 3 | 1 | 3 |
| in GBP millions | 2 | 3 | 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 | | |
|---|---|---|---|
| | June 30, 2017 | March 31, 2017 | April 1, 2016 |
| Non-designated derivative instruments (Sell): | | | |
| Not later than 1 month | | | |
| in USD millions | 10 | 9 | 12 |
| in EUR millions | 1 | 1 | 1 |
| in GBP millions | 1 | 1 | 1 |
| Later than 1 month but not later than 3 months | | | |
| in USD millions | 21 | 10 | 19 |
| in EUR millions | 2 | - | 2 |
| in GBP millions | 1 | 2 | 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 may be undertaken.

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

**Credit risk**

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

Trade and other receivables

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

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

| **Particulars** | **For the quarter ended** | |
|---|---|---|
| | **June 30, 2017** | **June 30, 2016** |
| Revenue from top customer | 1,978 | 1,742 |
| Revenue from top 5 customers | 3,874 | 3,936 |

One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2017, however none of the customers accounted for more than 10% of the receivables for the quarter ended June 30, 2017. One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2016, however none of the customers accounted for more than 10% of the receivables for the quarter ended June 30, 2016.

Investments

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

**Liquidity risk**

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

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

The working capital position of the Company is given below:

| **Particulars** | **As at** | | |
|---|---|---|---|
| | **June 30, 2017** | **March 31, 2017** | **April 1, 2016** |
| Cash and cash equivalents | 1,771 | 2,365 | 2,094 |
| Investments in mutual funds (quoted) | 6,942 | 5,159 | 1,916 |
| Investment in non-convertible bonds (quoted) | 100 | 100 | 100 |
| Interest bearing deposits with corporates | 610 | 610 | 250 |
| **Total** | **9,423** | **8,234** | **4,360** |

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at June 30, 2017, March 31, 2017 and April 1, 2016

| **Particulars** | **As at June 30, 2017** | | |
|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2 years and above** |
| Borrowings | 963 | 5 | 4 |
| Trade payables | 1,161 | - | - |
| Other financial liabilities | 1,688 | - | - |
| Derivative liabilities | 4 | - | - |

| **Particulars** | **As at March 31, 2017** | | |
|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2 years and above** |
| Borrowings | 947 | 5 | 8 |
| Trade payables | 1,306 | - | - |
| Other financial liabilities | 2,482 | 195 | - |
| Derivative liabilities | - | - | - |

| **Particulars** | **As at April 1, 2016** | | |
|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2 years and above** |
| Borrowings | 405 | 5 | 13 |
| Trade payables | 1,425 | - | - |
| Other financial liabilities | 2,700 | 555 | 192 |
| Derivative liabilities | 1 | - | - |

**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 22 increase and Rs 18 decrease in the Company's net profit as at June 30, 2017;
b) an approximately Rs 43 decrease and Rs 12 increase in the Company's net profit as at June 30, 2016

The following table presents foreign currency risk from non-derivative financial instruments as of June 30, 2017, March 31, 2017 and April 1, 2016.

**As at June 30, 2017** — **Amount in INR million**

| **Particulars** | **US$** | **Euro** | **Pound/sterling** | **Other currencies*** | **Total** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 4,901 | 1,120 | 568 | 598 | 7,187 |
| Unbilled revenue | 1,524 | 191 | 181 | 179 | 2,075 |
| Cash and cash equivalents | 1,058 | 151 | 54 | 409 | 1,672 |
| Other assets | 110 | 35 | 39 | 16 | 200 |
| **Liabilities** | | | | | |
| Trade payable | 385 | 30 | 22 | 74 | 511 |
| Other liabilities | 462 | 30 | 55 | 25 | 572 |
| **Net assets/liabilities** | **6,746** | **1,437** | **765** | **1,103** | **10,051** |

* 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, 2017** — **Amount in INR million**

| **Particulars** | **US$** | **Euro** | **Pound/sterling** | **Other currencies*** | **Total** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 5,734 | 851 | 548 | 753 | 7,886 |
| Unbilled revenue | 1,126 | 111 | 219 | 167 | 1,623 |
| Cash and cash equivalents | 1,345 | 88 | 69 | 317 | 1,819 |
| Other assets | 95 | 30 | 39 | 21 | 185 |
| **Liabilities** | | | | | |
| Trade payable | 605 | 33 | 23 | 49 | 710 |
| Other liabilities | 787 | 31 | 70 | 27 | 915 |
| **Net assets/liabilities** | **6,908** | **1,016** | **782** | **1,182** | **9,888** |

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

**As at April 1, 2016** — **Amount in INR million**

| **Particulars** | **US$** | **Euro** | **Pound/sterling** | **Other currencies*** | **Total** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 6,345 | 875 | 717 | 670 | 8,607 |
| Unbilled revenue | 1,350 | 95 | 319 | 115 | 1,879 |
| Cash and cash equivalents | 1,270 | 70 | 230 | 341 | 1,911 |
| Other assets | 148 | 18 | 35 | 24 | 225 |
| **Liabilities** | | | | | |
| Trade payable | 362 | 1 | 2 | 2 | 367 |
| Other liabilities | 488 | 38 | 25 | 75 | 626 |
| **Net assets/liabilities** | **8,263** | **1,019** | **1,274** | **1,073** | **11,629** |

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

For the quarter ended June 30, 2017, 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)%. For the quarter ended June 30, 2016, the impact on operating margins would be 0.2%/(0.2)%.

**Interest rate risk**

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

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

**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 June 30, 2017** | **As at March 31, 2017** | **As at April 1, 2016** |
|---|---|---|---|
| Total equity attributable to the equity share holders of the Company | 28,876 | 27,324 | 24,541 |
| As percentage of total capital | 97% | 97% | 98% |
| Current borrowings | 963 | 947 | 405 |
| Non-current borrowings | 9 | 13 | 18 |
| Total borrowings | 972 | 960 | 423 |
| **As a percentage of total capital** | 3% | 3% | 2% |
| **Total capital (borrowings and equity)** | **29,848** | **28,284** | **24,964** |

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 |
| 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 |
| 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 |
| Mindtree Foundation | Entity with common key managerial person | |
| Coffee Day Global Limited<br>Tanglin Developments Limited ('TDL')<br>Mysore Amalgamated Coffee Estate Ltd | These entities are part of Coffee Day Group which through various entities and its promoters holds 19.94% equity stake in Mindtree. | |

**Transactions with the above related parties during the period were:**

| Name of related party | Nature of transaction | For the quarter ended | |
|---|---|---|---|
| | | June 30, 2017 | June 30, 2016 |
| Mindtree Software (Shanghai) Co., Ltd | Software services received | 2 | 4 |
| Bluefin Solutions Limited | Software services rendered | 3 | - |
| | Software services received | 13 | 9 |
| Bluefin Solutions Inc. | Software services rendered | 2 | - |
| | Software services received | - | 2 |
| Magnet 360 LLC | Software services rendered | 17 | - |
| | Software services received | 82 | - |
| Mindtree Foundation | Donation paid | 15 | 12 |
| Coffee Day Global Limited | Procurement of supplies | 3 | 2 |
| | Software services rendered | (3) | 7 |
| Tanglin Developments Limited | Leasing office buildings and land | 100 | 108 |
| | Advance/ deposits paid | | |
| | - towards electricity deposit/charges | 6 | - |
| | Advance/ deposits received back | | |
| | - towards electricity deposit/charges | - | 21 |

**(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 June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| Mindtree Software (Shanghai) Co., Ltd | Trade payables | 1 | 1 | 1 |
| Bluefin Solutions Limited | Trade payables | 3 | 11 | 4 |
| Magnet 360 LLC | Trade payables | 37 | 37 | - |
| Coffee Day Global Limited | Trade payables | 2 | 3 | 1 |

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

| Name of related party | Nature of balances | As at June 30, 2017 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| Bluefin Solutions Limited | Trade receivables | 7 | 5 | 4 |
| Bluefin Solutions Inc. | Trade receivables | 4 | 2 | - |
| Magnet 360 LLC | Trade receivables | 5 | - | - |
| Coffee Day Global Limited | Trade receivables | 18 | 44 | 25 |
| Tanglin Developments Limited | Long-term loans and advances: | | | |
| | - Advance towards electricity charges | 6 | - | - |
| | - Security deposit (including electricity deposit) returnable on termination of lease | 270 | 271 | 298 |

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

**Key Managerial Personnel:**

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

[1]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 and the same is placed for the shareholders approval.

**Transactions with key management personnel**

Dividends paid to directors during the quarter ended June 30, 2017 amounts to Rs 45 and for the quarter ended June 30, 2016 amounts to Rs 44. Further, during the quarter ended June 30, 2017, 4,665 shares were allotted to the key management personnel.

**Compensation of key management personnel of the Company**

| Particulars | For the quarter ended* | |
|---|---|---|
| | June 30, 2017 | June 30, 2016 |
| Short-term employee benefits | 20 | 23 |
| Share-based payment transactions | 1 | - |
| Others | 4 | 4 |
| **Total compensation paid to key management personnel** | **25** | **27** |

* 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 Board of Directors at its meeting held on January 19, 2017 has 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 income tax assessment order for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 respectively on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The 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.

b) The Company has received income tax assessment order under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 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 563 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 and has issued a Final assessment order with a revised demand amounting to Rs 202 due to transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).

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

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 Transfer Pricing Officer has passed the favorable order. Order giving effect to the ITAT order is yet to be received.

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

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

c) The Company received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax (‘ACIT’) with a demand amounting to 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.

d) 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. ITAT has dismissed the appeal. Order giving effect has been received. The Company has filed an appeal before Commissioner of Income tax (Appeals).

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

f) During the quarter, the Company received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to Rs 250 on (a) full salary paid to International Workers and (b) special allowance paid to employees. Based on a legal advice obtained, the Company has assessed that it has a legitimate ground for appeal, and has contested the order by filing an appeal with the Employees’ Provident Funds Appellate Tribunal.

**34 Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2017 is Rs 402 (March 31, 2017: Rs 242 and April 1, 2016: Rs 262).

**(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. 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; 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 customer invoices or in relation to which the revenue is otherwise recognized.

**Industry Segments:**

| **Statement of income** | **For the quarter ended** | |
|---|---|---|
| | **June 30, 2017** | **June 30, 2016** |
| **Segment revenue** | | |
| RCM | 2,433 | 2,483 |
| BFSI | 3,158 | 3,188 |
| TMS | 4,580 | 4,513 |
| TH | 1,857 | 1,967 |
| **Total** | **12,028** | **12,151** |
| **Segment operating income** | | |
| RCM | 310 | 464 |
| BFSI | 292 | 346 |
| TMS | 810 | 921 |
| TH | 194 | 221 |
| **Total** | **1,606** | **1,952** |
| Depreciation and amortization expense | (349) | (360) |
| **Profit for the period before finance expenses, other income and tax** | **1,257** | **1,592** |
| Finance costs | (39) | (51) |
| Other income | 573 | 85 |
| Interest income | 61 | 25 |
| Foreign exchange gain/ (loss) | 30 | 80 |
| **Net profit before taxes** | **1,882** | **1,731** |
| Income taxes | (383) | (399) |
| **Net profit after taxes** | **1,499** | **1,332** |

| **Other information** | **For the quarter ended** | |
|---|---|---|
| | **June 30, 2017** | **June 30, 2016** |
| Other significant non-cash expense (Allocable) | | |
| RCM | 2 | 3 |
| BFSI | (2) | (2) |
| TMS | 4 | (4) |
| TH | 11 | 18 |

**Mindtree Limited**
**Significant accounting policies and notes to the accounts**
**For the quarter ended June 30, 2017**
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**Geographical information**

| **Revenues** | **For the quarter ended** | |
|---|---|---|
| | **June 30, 2017** | **June 30, 2016** |
| America | 8,510 | 8,302 |
| Europe | 2,346 | 2,515 |
| India | 390 | 413 |
| Rest of World | 782 | 921 |
| **Total** | **12,028** | **12,151** |

**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** Total of expenditure incurred on Corporate Social Responsibility activities during the quarter ended June 30, 2017 is Rs 32 (during the quarter ended June 30, 2016 is Rs 25).

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: July 19, 2017

Place: Bengaluru
Date: July 19, 2017