Mindtree Limited
Consolidated balance sheet

	Note	As at December 31, 2017	As at March 31, 2017
			Rs in million
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,244	3,809
Capital work in progress		326	192
Goodwill	4	4,505	4,470
Other intangible assets	4	1,598	1,941
Financial assets	5		
Investments	5.1	58	58
Loans	5.2	724	667
Other financial assets	5.3	-	209
Deferred tax assets (Net)	16	456	624
Other non-current assets	6	1,595	1,326
		12,506	**13,296**
Current assets			
Financial assets	7		
Investments	7.1	7,484	5,869
Trade receivables	7.2	10,373	8,962
Cash and cash equivalents	7.3	1,217	2,508
Loans	7.4	39	12
Other financial assets	7.5	2,773	2,225
Other current assets	8	811	1,034
		22,697	**20,610**
TOTAL ASSETS		**35,203**	**33,906**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	1,639	1,680
Other equity	10	24,241	24,091
		25,880	**25,771**
Liabilities			
Non-current liabilities			
Financial liabilities	11		
Borrowings	11.1	9	13
Other financial liabilities	11.2	-	230
Other non-current liabilities	12	86	71
		95	**314**
Current liabilities			
Financial liabilities	13		
Borrowings	13.1	2,491	978
Trade payables		1,494	1,651
Other financial liabilities	13.2	2,057	2,638
Other current liabilities	14	1,787	1,126
Provisions	15	1,159	1,105
Current tax liabilities (Net)		240	323
		9,228	**7,821**
		9,323	**8,135**
TOTAL EQUITY AND LIABILITIES		**35,203**	**33,906**

See accompanying notes to the consolidated interim financial statements

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

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

V. Balaji
Partner
Membership Number: 203685

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : January 17, 2018

Place: Bengaluru
Date : January 17, 2018

Mindtree Limited
Consolidated statement of profit and loss

Rs in million, except per share data

	Note	For the quarter ended December 31, 2017	For the quarter ended December 31, 2016	For the nine months ended December 31, 2017	For the nine months ended December 31, 2016
Revenue from operations		13,777	12,953	39,988	39,183
Other income	17	59	144	1,311	512
Total income		**13,836**	**13,097**	**41,299**	**39,695**
Expenses					
Employee benefits expense	18	8,946	8,533	26,340	25,425
Finance costs	20	46	46	111	144
Depreciation and amortization expense	21	419	459	1,332	1,390
Other expenses	22	2,757	2,680	8,598	8,446
Total expenses		**12,168**	**11,718**	**36,381**	**35,405**
Profit before tax		**1,668**	**1,379**	**4,918**	**4,290**
Tax expense:					
Current tax	16	158	335	998	1,178
Deferred tax	16	95	13	41	(102)
Profit for the period		**1,415**	**1,031**	**3,879**	**3,214**
Other comprehensive income	26				
A (i) Items that will not be reclassified to profit or loss		7	5	(19)	(18)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1)	-	4	4
B (i) Items that will be reclassified to profit or loss		(59)	(46)	88	(373)
Total other comprehensive income		**(53)**	**(41)**	**73**	**(387)**
Total comprehensive income for the period		**1,362**	**990**	**3,952**	**2,827**
Earnings per equity share:	24				
(1) Basic		8.63	6.14	23.31	19.15
(2) Diluted		8.61	6.13	23.26	19.11

See accompanying notes to the consolidated interim financial statements

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Chartered Accountants
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Company Secretary

Place: Bengaluru
Date : January 17, 2018

Mindtree Limited
Consolidated statement of cash flows

Rs in million, except per share data

	For the nine months ended December 31	
	2017	**2016**
Cash flow from operating activities		
Profit for the period	3,879	3,214
Adjustments for :		
Income tax expense recognised in the statement of profit and loss	1,039	1,076
Depreciation and amortization expense	1,332	1,390
Expense on employee stock based compensation	143	55
Allowance for expected credit losses	7	30
Finance costs	111	144
Interest income on financial assets at amortised cost	(89)	(81)
Dividend income	(1)	(4)
Net gain on disposal of property, plant and equipment	(4)	(8)
Net gain on financial assets designated at fair value through profit and loss	(319)	(241)
Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss	(742)	(45)
Unrealised exchange difference on liability towards acquisition of businesses	23	(67)
Unrealised exchange difference on derivatives	8	42
Income from government grant	(8)	(8)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	18	(23)
Changes in operating assets and liabilities		
Trade receivables	(1,414)	(415)
Other assets	(174)	938
Trade payables	61	(216)
Other liabilities	1,137	397
Provisions	54	(141)
Net cash provided by operating activities before taxes	**5,061**	**6,037**
Income taxes paid (net of refunds)	(1,231)	(1,316)
Net cash (used in)/ provided by operating activities	**3,830**	**4,721**
Cash flow from investing activities		
Purchase of property, plant and equipment	(759)	(861)
Proceeds from sale of property, plant and equipment	6	9
Payment towards acquisition of businesses	(164)	(420)
Interest income on financial assets at amortised cost	43	42
Dividend income received	1	4
Purchase of investment	(9,741)	(9,506)
Proceeds from sale of investment	8,445	6,959
Net cash (used in)/ provided by investing activities	**(2,169)**	**(3,773)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	7
Payment for buyback of shares	(2,640)	-
Finance costs paid	(24)	(2)
Repayment of short-term borrowings	(40)	(419)
Proceeds from short-term borrowings	1,500	-
Dividends paid (including distribution tax)	(1,748)	(1,531)
Net cash (used in)/ provided by financing activities	**(2,951)**	**(1,945)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(15)	49
Net increase / (decrease) in cash and cash equivalents	**(1,305)**	**(948)**
Cash and cash equivalents at the beginning of the period	2,508	1,937
Cash and cash equivalents at the end of the period (Refer note 7.3)	**1,203**	**989**

Mindtree Limited
Consolidated statement of cash flows

Reconciliation of liabilities from financing activities **Rs in million**

Particulars	**As at March 31, 2017**	**Proceeds**	**Repayment**	**Fair value changes**	**As at December 31, 2017**
Long-term borrowings (including current portion)	18	-	(4)	-	**14**
Short-term borrowings	978	1,500	(36)	49	**2,491**
Total liabilities from financing activities	**996**	**1,500**	**(40)**	**49**	**2,505**

See accompanying notes to the consolidated 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 : January 17, 2018

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

N. Krishnakumar
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Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : January 17, 2018

Mindtree Limited

Consolidated statement of changes in equity

	Rs in million
(a) Equity share capital	**Amount**
Balance as at April 1, 2016	**1,678**
Add: Shares issued on exercise of 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 stock options and restricted shares	1
Less: Buyback of equity shares (Refer note 9e)	42
Balance as at December 31, 2017	**1,639**

(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**	**Capital redemption 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**	**-**	**-**	**1,084**	**107**	**19,890**	**(214)**	**3**	**(28)**	**22,471**
Profit for the period	-	-	-	-	-	-	3,214	-	-	-	3,214
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	(373)	(3)	(11)	(387)
Issue of equity shares (Note 9)	-	-	-	-	5	-	-	-	-	-	5
Transferred to securities premium reserve	-	-	-	-	97	(97)	-	-	-	-	-
Compensation cost related to employee share based payment	-	-	-	-	-	55	-	-	-	-	55
Cash dividends	-	-	-	-	-	-	(1,007)	-	-	-	(1,007)
Dividend distribution tax	-	-	-	-	-	-	(189)	-	-	-	(189)
Balance as at December 31, 2016	**87**	**1,542**	**-**	**-**	**1,186**	**65**	**21,908**	**(587)**	**-**	**(39)**	**24,162**
Balance as at April 1, 2016	**87**	**1,542**	**-**	**-**	**1,084**	**107**	**19,890**	**(214)**	**3**	**(28)**	**22,471**
Profit for the period	-	-	-	-	-	-	4,186	-	-	-	4,186
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	(610)	(3)	(8)	(621)
Issue of equity shares (Note 9)	-	-	-	-	6	-	-	-	-	-	6
Transferred to securities premium reserve	-	-	-	-	110	(110)	-	-	-	-	-
Compensation cost related to employee share based payment (Note 18)	-	-	-	-	-	54	-	-	-	-	54
Cash dividends (Note 10.1)	-	-	-	-	-	-	(1,679)	-	-	-	(1,679)
Dividend distribution tax (Note 10.1)	-	-	-	-	-	-	(326)	-	-	-	(326)
Balance as at March 31, 2017	**87**	**1,542**	**-**	**-**	**1,200**	**51**	**22,071**	**(824)**	**-**	**(36)**	**24,091**
Balance as at April 1, 2017	**87**	**1,542**	**-**	**-**	**1,200**	**51**	**22,071**	**(824)**	**-**	**(36)**	**24,091**
Profit for the period	-	-	-	-	-	-	3,879	-	-	-	3,879
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	88	-	(15)	73
Created during the period	-	(42)	865	42	-	-	(865)	-	-	-	-
Utilised during the period	-	-	(240)	-	-	-	240	-	-	-	-
Buyback of equity shares (Refer note 9(e))	-	(1,274)	-	-	(1,237)	-	(87)	-	-	-	(2,598)
Transferred to securities premium reserve	-	-	-	-	45	(45)	-	-	-	-	-
Compensation cost related to employee share based payment (Note 18)	-	-	-	-	-	143	-	-	-	-	143
Cash dividends (Note 10.1)	-	-	-	-	-	-	(1,160)	-	-	-	(1,160)
Dividend distribution tax (Note 10.1)	-	-	-	-	-	-	(187)	-	-	-	(187)
Balance as at December 31, 2017	**87**	**226**	**625**	**42**	**8**	**149**	**23,891**	**(736)**	**-**	**(51)**	**24,241**

See accompanying notes to the consolidated interim financial statement

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 : January 17, 2018

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

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Company Secretary

Place: Bengaluru
Date : January 17, 2018

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter and nine months ended December 31, 2017
(Rupees in millions, except share and per share data, unless otherwise stated)

1. Company overview

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

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in India, United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, South Africa, UAE, Netherlands, Canada, Belgium, France, Ireland, Poland and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on January 17, 2018.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These consolidated 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 consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant 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 consolidated 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 consolidated financial statements is included in the following notes:

i) *Revenue recognition:* The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. As 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 Group's two major tax jurisdictions are India and the U.S., though the Group's 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) Liability towards acquisition of businesses: Contingent consideration representing liability towards acquisition of business is reassessed at every reporting date. Any increase or decrease in the probability of achievement of financial targets would impact the measurement of the liability. Appropriate changes in estimates are made when the Management becomes aware of the circumstances surrounding the estimates.

iv) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

2.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

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

2.3 Summary of significant accounting policies

(i) Functional and presentation currency

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

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

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

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

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

(iii) Financial instruments

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

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

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

a) *Non-derivative financial assets*
(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.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

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

(ii) Debt instruments at FVTOCI
A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:
(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

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

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in consolidated 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 Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis.

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

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

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

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 consolidated statement of profit or loss

c) *Derivative financial instruments*
The Group 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 consolidated 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 consolidated 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 consolidated statement of profit and loss and reported within foreign exchange gains/(losses).

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

b) Depreciation: The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are 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 to 30 years
Leasehold improvements	5 years
Computers	2 to 3 years
Plant and machinery	3 to 4 years
Furniture and fixtures	3 to 7 years
Electrical installations	3 years
Office equipment	3 to 5 years
Vehicles	4 years

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

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

(v) 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 to 3 years
Business alliance relationships	4 years
Customer relationships	3 to 5 years
Vendor relationships	5 to 10 years
Trade name	10 years
Technology	10 years
Non-compete agreement	5 years

(vi) Business combination, Goodwill and Intangible assets

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

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

a) *Goodwill*

The excess of the cost of acquisition over the Group'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.

(vii) Leases

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

(viii) Impairment

a) Financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the 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. This amount is reflected under the head other expenses 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 Group does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

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

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

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

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

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units(CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.
Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in consolidated statement of profit and loss and is not reversed in the subsequent period.

(ix) Employee Benefits

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

The Group has the following employee benefit plans:
a) Social security plans
Employees contributions payable to the social security plans, which are a defined contribution scheme, is charged to the consolidated 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 Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance Company and SBI Life Insurance Company. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

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

(x) Share based payments

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

The expense is recognized in the consolidated 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 Group'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 consolidated statement of profit and loss.

(xi) Provisions

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

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

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

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

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

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

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

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

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated 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. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.
In arrangements for software development and related services and maintenance services, the Group has applied the guidance in 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 Group 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 Group accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.
Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances.
The Group accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Group's historical experience of material usage and service delivery costs.

(xiii) Warranty provisions

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

(xiv) Finance income and expense
Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the consolidated statement of profit and loss, using the effective interest method.
Dividend income is recognized in the consolidated statement of profit and loss on the date that the Group's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the consolidated statement of profit and loss using the effective interest method.
Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

(xv) Income tax
Income tax comprises current and deferred tax. Income tax expense is recognized in the consolidated 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 Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

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

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

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

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

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

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

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

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

(xviii) Government grants
Grants from the government are recognised when there is reasonable assurance that:
(i) the Group will comply with the conditions attached to them; and
(ii) the grant will be received.
Government grants related to revenue are recognised on a systematic basis in the consolidated statement of profit 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 Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a 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**	**3,045**	**1,263**	**217**	**842**	**2,751**	**610**	**392**	**29**	**9,233**
Additions	-	211	18	-	60	360	79	8	-	736
Translation adjustment	-	-	1	-	(2)	(11)	-	(1)	-	(13)
Disposals / adjustments	-	-	-	-	(5)	(115)	(15)	-	-	(135)
At December 31, 2016	**84**	**3,256**	**1,282**	**217**	**895**	**2,985**	**674**	**399**	**29**	**9,821**
At April 1, 2016	**84**	**3,045**	**1,263**	**217**	**842**	**2,751**	**610**	**392**	**29**	**9,233**
Additions	-	227	74	-	76	430	121	9	-	937
Translation adjustment	-	-	-	-	(2)	(17)	-	(3)	-	(22)
Disposals / adjustments	-	-	-	-	(6)	(125)	(29)	-	-	(160)
At March 31, 2017	**84**	**3,272**	**1,337**	**217**	**910**	**3,039**	**702**	**398**	**29**	**9,988**
At April 1, 2017	**84**	**3,272**	**1,337**	**217**	**910**	**3,039**	**702**	**398**	**29**	**9,988**
Additions	-	41	66	-	34	187	10	31	-	369
Translation adjustment	-	-	-	-	-	2	-	-	-	2
Disposals / adjustments	-	(26)	(15)	-	(2)	(190)	(2)	(6)	(2)	(243)
At December 31, 2017	**84**	**3,287**	**1,388**	**217**	**942**	**3,038**	**710**	**423**	**27**	**10,116**
Accumulated depreciation										
At April 1, 2016	**8**	**961**	**744**	**217**	**550**	**1,995**	**398**	**173**	**14**	**5,060**
Depreciation expense	-	150	137	-	99	428	90	43	6	953
Translation adjustment	-	-	-	-	(2)	(10)	-	**(2)**	-	(14)
Disposals / adjustments	-	-	-	-	(5)	(99)	(15)	-	-	(119)
At December 31, 2016	**8**	**1,111**	**881**	**217**	**642**	**2,314**	**473**	**214**	**20**	**5,880**
At April 1, 2016	**8**	**961**	**744**	**217**	**550**	**1,995**	**398**	**173**	**14**	**5,060**
Depreciation expense	1	207	185	-	132	569	124	57	8	1,283
Translation adjustment	-	-	-	-	(2)	(14)	-	(4)	-	(20)
Disposals / adjustments	-	-	-	-	(6)	(109)	(29)	-	-	(144)
At March 31, 2017	**9**	**1,168**	**929**	**217**	**674**	**2,441**	**493**	**226**	**22**	**6,179**
At April 1, 2017	**9**	**1,168**	**929**	**217**	**674**	**2,441**	**493**	**226**	**22**	**6,179**
Depreciation expense	-	172	139	-	89	383	98	48	3	932
Translation adjustment	-	-	-	-	-	2	-	-	-	2
Disposals / adjustments	-	(26)	(15)	-	(2)	(188)	(2)	(6)	(2)	(241)
At December 31, 2017	**9**	**1,314**	**1,053**	**217**	**761**	**2,638**	**589**	**268**	**23**	**6,872**
Net carrying value as at December 31, 2017	**75**	**1,973**	**335**	**-**	**181**	**400**	**121**	**155**	**4**	**3,244**
Net carrying value as at March 31, 2017	**75**	**2,104**	**408**	**-**	**236**	**598**	**209**	**172**	**7**	**3,809**
Net carrying value as at December 31, 2016	**76**	**2,145**	**401**	**-**	**253**	**671**	**201**	**185**	**9**	**3,941**

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

4 Goodwill and other intangible assets

a) Goodwill and other intangible assets

Particulars	Goodwill	Other intangible assets								
		Intellectual property	Business alliance relationships	Customer relationships	Non compete agreement	Vendor relationships	Tradename	Technology	Computer software	Total other intangible assets
Gross carrying value										
At April 1, 2016	**4,815**	**67**	**72**	**1,413**	**54**	**728**	**318**	**268**	**1,034**	**3,954**
Additions	-	-	-	-	-	-	-	-	16	16
Translation adjustment	(192)	-	-	(109)	1	(18)	(22)	7	-	(141)
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2016	**4,623**	**67**	**72**	**1,304**	**55**	**710**	**296**	**275**	**1,050**	**3,829**
At April 1, 2016	**4,815**	**67**	**72**	**1,413**	**54**	**728**	**318**	**268**	**1,034**	**3,954**
Additions	-	-	-	-	-	-	-	-	40	40
Translation adjustment	(345)	-	-	(151)	(1)	(47)	(32)	(6)	(1)	(238)
Disposals / adjustments	-	-	-	-	-	-	-	-	(3)	(3)
At March 31, 2017	**4,470**	**67**	**72**	**1,262**	**53**	**681**	**286**	**262**	**1,070**	**3,753**
At April 1, 2017	**4,470**	**67**	**72**	**1,262**	**53**	**681**	**286**	**262**	**1,070**	**3,753**
Additions	-	-	-	-	-	-	-	-	27	27
Translation adjustment	35	-	-	23	-	-	4	-	-	27
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2017	**4,505**	**67**	**72**	**1,285**	**53**	**681**	**290**	**262**	**1,097**	**3,807**
Accumulated depreciation										
At April 1, 2016	**-**	**67**	**21**	**204**	**7**	**48**	**18**	**20**	**937**	**1,322**
Amortisation expense	-	-	13	230	8	74	25	19	68	437
Translation adjustment	-	-	-	(39)	-	(9)	(4)	2	1	(49)
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2016	**-**	**67**	**34**	**395**	**15**	**113**	**39**	**41**	**1,006**	**1,710**
At April 1, 2016	**-**	**67**	**21**	**204**	**7**	**48**	**18**	**20**	**937**	**1,322**
Amortisation expense	-	-	18	306	11	99	33	26	82	575
Translation adjustment	-	-	-	(61)	-	(16)	(6)	-	1	(82)
Disposals / adjustments	-	-	-	-	-	-	-	-	(3)	(3)
At March 31, 2017	**-**	**67**	**39**	**449**	**18**	**131**	**45**	**46**	**1,017**	**1,812**
At April 1, 2017	**-**	**67**	**39**	**449**	**18**	**131**	**45**	**46**	**1,017**	**1,812**
Amortisation expense	-	-	13	224	8	74	25	19	37	400
Translation adjustment	-	-	-	(1)	-	(2)	-	-	-	(3)
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2017	**-**	**67**	**52**	**672**	**26**	**203**	**70**	**65**	**1,054**	**2,209**
Net carrying value as at December 31, 2017	**4,505**	**-**	**20**	**613**	**27**	**478**	**220**	**197**	**43**	**1,598**
Net carrying value as at March 31, 2017	**4,470**	**-**	**33**	**813**	**35**	**550**	**241**	**216**	**53**	**1,941**
Net carrying value as at December 31, 2016	**4,623**	**-**	**38**	**909**	**40**	**597**	**257**	**234**	**44**	**2,119**
Estimated useful life (in years)	NA	5	4	3 - 5	5	5 - 10	10	10	2 - 3	
Estimated remaining useful life (in years)	NA	-	1.25	0.25 - 2.50	2.25 - 2.50	2.50 - 8.00	7.50 - 8.00	7.50	0.11 - 1.95	

The aggregate amount of research and development expense recognized in the statement of profit and loss for the period ended December 31, 2017 is Rs 306 (Rs 321 for the year ended March 31, 2017).

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

4 Goodwill and other intangible assets

b) Impairment

Following is a summary of changes in the carrying amount of goodwill:

	As at	
	December 31, 2017	**March 31, 2017**
Carrying value at the beginning	4,470	4,815
Translation differences	35	(345)
Carrying value at the end	**4,505**	**4,470**

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

The entire goodwill on acquisition of Discoverture Solutions LLC is allocated to the operating segment "BFSI" and of Relational Solutions Inc. to the operating segment "RCM" (Refer note 1 of standalone financial statements).

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

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

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

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

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

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

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

Non-current assets

5 Financial assets

5.1 Investments

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Investments in equity instruments (unquoted)		
a) 2,400 (March 31, 2017: 2,400) equity shares in Careercommunity.com Limited	-	-
b) 950,000 (March 31, 2017: 950,000) equity shares of Rs 1 each in NuvePro Technologies Private Limited	1	1
c) 12,640 (March 31, 2017: 12,640) equity shares in Worldcast Technologies Private Limited	-	-
Investments in preference shares (unquoted)		
643,790 (March 31, 2017: 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
Investments in non-convertible bonds (quoted)		
50 (March 31, 2017: 50) secured redeemable non-convertible bonds of Rs 1 million each in the nature of promissory notes in PNB Housing Finance Limited	50	50
Total	**58**	**58**
Aggregate amount of quoted investments	**50**	**50**
Aggregate market value of quoted investments	**50**	**50**
Aggregate amount of unquoted investments	**8**	**8**
Aggregate amount of impairment in value of investments	**1**	**1**

5.2 Loans

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
(Unsecured, considered good)		
Security deposits*	724	667
Total	**724**	**667**

* Includes deposits to related parties Rs 270 as at December 31, 2017 (As at March 31, 2017: Rs 270). Refer Note 32 for related party balances.

5.3 Other financial assets

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Other receivables	-	209
Total	**-**	**209**

6 Other non-current assets

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Capital advances	42	27
Advance income-tax including tax deducted at source (net of provision for taxes)	1,405	1,130
Prepaid expenses	131	152
Service tax receivable	11	1
Others	6	16
Total	**1,595**	**1,326**

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

Current assets

7 Financial assets

7.1 Investments

Particulars	As at December 31, 2017		As at March 31, 2017	
i) Investments in Mutual Funds (quoted)				
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**
ICICI Prudential Mutual Fund	21,699,377	686	20,337,960	475
IDFC Mutual Fund	43,119,230	609	30,177,703	483
UTI Mutual Fund	14,112,868	432	6,524,291	314
Birla Sun Life Mutual Fund	4,535,392	375	8,342,033	468
Reliance Mutual Fund	15,433,319	530	14,984,782	434
Axis Mutual Fund	6,029,906	330	6,136,034	184
Tata Mutual Fund	7,903,963	514	13,695,729	357
SBI Mutual Fund	14,163,695	458	5,703,787	331
Sundaram Mutual Fund	12,423,449	308	3,954,557	101
L & T Mutual Fund	22,651,484	519	13,259,434	315
HDFC Mutual Fund	27,102,631	675	33,595,174	692
Bank of India AXA Mutual Fund	21,881,235	342	15,346,945	226
Kotak Mutual Fund	10,681,220	461	9,497,288	230
IDBI Mutual Fund	-	-	69,403	122
DSP Blackrock Mutual Fund	25,864,229	423	27,949,288	357
DHFL Pramerica Mutual Fund (DHFL)	9,764,332	202	4,320,662	70
Invesco Mutual Fund	93,323	210	-	-
Total		**7,074**		**5,159**
ii) Investment in non-convertible bonds (quoted)				
Secured redeemable non-convertible debentures in Kotak Mahindra Investments Limited		-	100	100
Total		**-**		**100**
iii) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		210		360
-Kotak Mahindra Investments Limited		100		250
-PNB Housing Finance Limited		100		-
Total		**410**		**610**
Grand Total		**7,484**		**5,869**
Aggregate carrying amount of quoted investments		**7,074**		**5,259**
Aggregate market value of quoted investments		**7,074**		**5,259**
Aggregate amount of unquoted investments		**410**		**610**

7.2 Trade receivables

Particulars	As at December 31, 2017	As at March 31, 2017
(Unsecured)		
Considered good	10,373	8,962
Considered doubtful	113	106
Less: Allowance for expected credit losses	(113)	(106)
Total	**10,373**	**8,962**

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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 Group 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%	60%

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

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

Movement in the expected credit loss allowance

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Balance at the beginning of the period	128	148	106	126
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(15)	8	7	30
Provision at the end of the period	**113**	**156**	**113**	**156**

7.3 Cash and cash equivalents

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Cash on hand	-	-
Balances with banks in current accounts and deposit accounts*	1,205	2,162
Other bank balances**	12	346
Cash and cash equivalents as per balance sheet	**1,217**	**2,508**
Book overdrafts used for cash management purposes (Refer Note 13.2)	(14)	-
Bank overdrafts used for cash management purposes (Refer Note 13.1)	-	-
Cash and cash equivalents as per statement of cash flow	**1,203**	**2,508**

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

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

7.4 Loans

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
(Unsecured, considered good)		
Security deposits*	39	12
Total	**39**	**12**

*Includes deposits to related parties Rs Nil as at December 31, 2017 (As at March 31, 2017: Rs. Nil). Refer Note 32 for related party balances.

7.5 Other financial assets

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Advances to employees	235	296
Less: Provision for doubtful advances to employees	(12)	(14)
	223	282
Unbilled revenue	2,506	1,885
Derivative assets	30	37
Accrued income	14	21
	2,773	**2,225**

8 Other current assets

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Advance to suppliers*	116	39
Prepaid expenses	406	760
Others	289	235
Total	**811**	**1,034**

*Includes advances to related parties Rs 51 as at December 31, 2017 (As at March 31, 2017: Rs Nil). Refer note 32 for related party balances.

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

9 Equity share capital

a)

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Authorised		
800,000,000 (March 31, 2017 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
163,926,311 (March 31, 2017 : 168,025,546) equity shares of Rs 10 each fully paid	1,639	1,680
Total	**1,639**	**1,680**

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

	As at December 31, 2017		**As at March 31, 2017**	
	Number of shares	**Rs**	**Number of shares**	**Rs**
Number of shares outstanding at the beginning of the period	168,025,546	1,680	167,786,176	1,678
Add: Shares issued on exercise of stock options and restricted shares	124,765	1	239,370	2
Less: Buyback of equity shares*	4,224,000	42	-	-
Number of shares outstanding at the end of the period	163,926,311	1,639	168,025,546	1,680

* Refer note 9(e)

c) The Group 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 Group as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

The Group 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 Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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:

Name of the shareholder	**As at December 31, 2017**		**As at March 31, 2017**	
	Number of shares	**%**	**Number of shares**	**%**
1. Coffee Day Enterprises Limited	17,461,768	10.7%	17,461,768	10.4%
2. Nalanda India Fund Limited	15,796,356	9.6%	15,796,356	9.4%
3. Coffee Day Trading Limited	10,594,244	6.5%	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 December 31, 2017:

i) The Group has allotted 83,893,088 and 41,765,661 fully paid up equity shares during the quarter ended March 31, 2016 and June 30, 2014 respectively, pursuant to 1:1 bonus share issue approved by shareholders. Consequently, options/ units granted under the various employee share based plans are adjusted for bonus share issue.
ii) The Board of Directors of the Group at its meeting held on June 28, 2017, had approved buyback of up to 4,320,000 equity shares of Rs 10 each, on a proportionate basis, at a price of Rs 625 per equity share payable in cash for an aggregate consideration of upto Rs 2,700 (Rupees Two thousand seven hundred million only), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, GST, stamp duty, etc., by way of a Tender Offer, through Board approval route through Stock Exchange Mechanism. This is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, and other applicable laws and regulations.

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

During the quarter ended September 30, 2017, the Group bought back 4,224,000 equity shares of Rs 10 each on a proportionate basis, at a price of Rs 625 per equity share for an aggregate consideration of Rs 2,640 (Rupees Two thousand six hundred and forty million only), and completed the extinguishment of the equity shares bought back. Capital redemption reserve has been created to the extent of nominal value of share capital extinguished amounting to Rs 42 million. The buyback and creation of capital redemption reserve was effected by utilizing the securities-premium and free reserves.
iii) The Group has not allotted any equity shares as fully paid up without payment being received in cash.

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

Program 1 [ESOP 1999]
This plan was terminated on September 30, 2001 and there are no options outstanding as at December 31, 2017 and March 31, 2017.

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

Particulars	Quarter ended December 31,			
	2017		2016	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the period	1,400	12.50	10,872	12.50
Granted during the period	-	-	-	-
Exercised during the period	1,400	12.50	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	10,872	12.50
Options vested and exercisable, end of the period	-	-	10,872	12.50

Particulars	Nine months ended December 31,			
	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	1,680	12.50	7,208	12.50
Lapsed during the period	-	-	280	12.50
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	10,872	12.50
Options vested and exercisable, end of the period	-	-	10,872	12.50

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

Program 3 [ESOP 2006 (a)]

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

Program 4 [ESOP 2006 (b)]

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

Program 5 [ESOP 2008A]

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

Particulars	Quarter ended December 31,			
	2017		2016	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options, beginning of the period	-	-	150,956	106.38
Granted during the period	-	-	-	-
Exercised during the period	-	-	5,500	119.63
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	145,456	105.88
Options vested and exercisable, end of the period	-	-	145,456	105.88

Particulars	Nine months ended December 31,			
	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	-	-	6,880	119.63
Lapsed during the period	145,456	105.88	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	145,456	105.88
Options vested and exercisable, end of the period	-	-	145,456	105.88

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

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

Particulars	Quarter ended December 31,			
	2017		2016	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options, beginning of the period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

Particulars	Nine months ended December 31,			
	2017		2016	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options, beginning of the period	-	-	40,000	123.25
Granted during the period	-	-	-	-
Exercised during the period	-	-	40,000	123.25
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) have been received by the Group from the BSE and NSE for 1,135,000 equity shares of Rs 10 each. No options have been granted under the program as at December 31, 2017 and March 31, 2017.

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

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

Particulars	Quarter ended December 31,			
	2017		2016	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares, beginning of the period	26,025	10.00	21,280	10.00
Granted during the period	-	-	35,232	10.00
Exercised during the period	26,025	10.00	30,136	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	-	-	26,376	10.00
Shares vested and exercisable, end of the period	-	-	26,376	10.00

Particulars	Nine months ended December 31,			
	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	178,262	10.00
Exercised during the period	123,085	10.00	151,886	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	-	-	26,376	10.00
Shares vested and exercisable, end of the period	-	-	26,376	10.00

Other Stock based compensation arrangements

The Group has also granted phantom stock options and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at December 31, 2017 are given below:

Particulars	Phantom stock options plan
Total no. of units/ shares	1,195,000
Vested units/ shares	-
Lapsed units/ shares	1,195,000
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	-
Contractual life	2 years
Date of grant	October 21, 2015
Price per share/ unit	Grant price of Rs 686

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

Particulars	**ERSP 2012 plan****
Outstanding units/shares as at the beginning of the period	200,200
Number of units/shares granted under letter of intend during the period	703,000
Vested units/ shares	123,085
Lapsed units/ shares	22,115
Forfeited units/ shares	100,000
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	658,000
Contractual life	1-4 years
Date of grant*	July 18, 2013, May 12, 2015, October 21, 2015, October 27, 2015, February 25, 2016, August 24, 2016, April 14, 2017, July 26, 2017, August 23, 2017
Price per share/ unit*	Exercise price of Rs 10

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

The following tables summarize information about the options/ shares outstanding under various programs as at December 31, 2017 and March 31, 2017 respectively:

Particulars	**As at December 31, 2017**		
	Number of options/shares	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in Rs)**
Program 2	-	-	-
ERSP	-	-	-

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

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the period ended December 31, 2017 was Rs 442.90 using the Black-Scholes model with the following assumptions:

	As at December 31, 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%

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter and nine months ended December 31, 2017
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10	**Other equity**	**As at December 31, 2017**	**As at March 31, 2017**
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
b)	**Capital redemption reserve** A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own shares pursuant to Section 69 of the Companies Act, 2013.	42	-
c)	**Securities premium reserve** Amounts received on (issue of shares) in excess of the par value has been classified as securities premium, net of utilisation.	8	1,200
d)	**General reserve** This represents appropriation of profit by the Company.	226	1,542
e)	**Special Economic Zone reinvestment** This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(II) of the Income Tax Act ,1961. The reserve should be utilized by the Group for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of Income Tax Act, 1961.	625	-
f)	**Retained earnings** Retained earnings comprises of undistributed earnings net of amounts transferred to General reserve.	23,891	22,071
g)	**Share option outstanding** 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 securities premium reserve upon exercise of stock options by employees.	149	51
h)	**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 equity.	**-**	-
i)	**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.	(736)	(824)
j)	**Other items of other comprehensive income** Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset.	(51)	(36)
	Total	**24,241**	**24,091**

10.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the period ended December 31, 2017 and year ended March 31, 2017 was Rs 7 and Rs 10 respectively.

The Board of Directors at its meeting held on April 20, 2017 had recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The proposal was approved by shareholders at the Annual General Meeting held on July 18, 2017. This has resulted in a cash outflow of Rs 607 inclusive of dividend distribution tax of Rs 103. The Board of Directors at its meeting held on October 25, 2017 had declared an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each) and special dividend of 20% (Rs 2 per equity share of par value Rs 10 each) due to completion of ten years of Initial Public Offering (IPO) and the same was paid during the quarter. Also, the Board of Directors at its meeting held on January 17, 2018 has recommended an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each).

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

Non- current liabilities

11 Financial liabilities

11.1 Borrowings

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
(Unsecured)		
Other loan*	9	13
Total	**9**	**13**

*Unsecured long-term borrowings represents 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 December 31, 2017**	**As at March 31, 2017**
Liability towards acquisition of businesses	-	195
Employee benefits payable	-	35
Total	**-**	**230**

12 Other non-current liabilities

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Other liabilities*	86	71
Total	**86**	**71**

*Includes deferred revenue arising from Government grant amounting to Rs Nil as at December 31, 2017 (As at March 31, 2017: Rs Nil)

Current liabilities

13 Financial liabilities

13.1 Borrowings

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
(Secured)		
Loans from bank	-	36
(Unsecured)		
Bank overdraft	-	-
Loans from bank*	1,500	-
Other loans from bank**	991	942
Total	**2,491**	**978**

* During the period, the Company has taken working capital loan of Rs 1,500 from HDFC Bank.

** Other loans from bank (unsecured) represent the commercial paper offering from HDFC Bank taken during the previous year ended March 31, 2017.

13.2 Other financial liabilities

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings*	-	-
Book overdraft	14	-
Unpaid dividends	12	9
Dividend payable (inclusive of dividend distribution tax)**	-	404
Employee benefits payable	1,869	1,414
Derivative liabilities	1	-
Liability towards acquisition of businesses	156	806
Total	**2,057**	**2,638**

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

** Represents interim dividend declared on March 27, 2017

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

14 Other current liabilities

Particulars	As at December 31, 2017	As at March 31, 2017
Unearned income	861	505
Statutory dues (including provident fund and tax deducted at source)	428	413
Advance from customers	377	67
Gratuity payable (net)*	102	91
Others**	19	50
Total	**1,787**	**1,126**

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

** Includes deferred revenue arising from Government grant as at December 31, 2017 Rs 3 (As at March 31, 2017: Rs 10)

15 Provisions

Particulars	As at December 31, 2017	As at March 31, 2017
Provision for post contract support services	10	8
Provision for discount	487	414
Provision for foreseeable losses on contracts	23	7
Provision for compensated absences	555	595
Provision for disputed dues*	84	81
Total	**1,159**	**1,105**

*Represents disputed tax dues provided pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with the relevant authority. In respect of the provisions of Ind AS 37, the disclosures required have not been provided pursuant to the limited exemption provided under 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 one year.

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Balance at the beginning of the period	9	7	8	7
Provisions made during the period	1	1	2	1
Provision at the end of the period	**10**	**8**	**10**	**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 quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Balance at the beginning of the period	427	559	414	668
Provisions made during the period	95	137	361	374
Utilisations during the period	(34)	(235)	(284)	(541)
Released during the period	(1)	(2)	(4)	(42)
Provision at the end of the period	**487**	**459**	**487**	**459**

Provision for foreseeable losses on contracts

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

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Balance at the beginning of the period	12	51	7	-
Provisions made during the period	31	(20)	89	31
Released during the period	(20)	-	(73)	-
Provision at the end of the period	**23**	**31**	**23**	**31**

Provision for disputed dues

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Balance at the beginning of the period	83	79	81	76
Provisions made during the period	1	1	3	4
Provision at the end of the period	**84**	**80**	**84**	**80**

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16 Income tax

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

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Current income tax:				
In respect of the current period	158	335	998	1,178
Deferred tax				
In respect of the current period	95	13	41	(102)
Income tax expense reported in the statement of profit and loss	**253**	**348**	**1,039**	**1,076**
Income tax expense 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)	-	4	3
- Deferred tax arising on income and expense recognised in other comprehensive income				
Net (gain)/ loss on investment in equity shares at FVTOCI	-	-	-	1
Total	**(1)**	**-**	**4**	**4**

Tax expense for the quarter and nine months ended December 31, 2017 is net of reversals of Rs 249 on submission of tax filings.

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

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Profit before tax	1,668	1,379	4,918	4,290
Enacted income tax rate in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	577	478	1,702	1,485
Effect of:				
Income exempt from tax	(275)	(224)	(947)	(833)
Temporary differences reversing during the tax holiday period	(3)	(20)	7	17
Expenses (net) that are not deductible in determining taxable profit	(9)	14	11	73
Different tax rates of branches/subsidiaries operating in other jurisdictions	189	75	357	275
Income subject to different tax rates	-	-	67	14
Loss of foreign subsidiary	-	12	90	32
Tax Provision (reversals)	(248)	-	(248)	-
Others	22	13	-	13
Income tax expense recognised in the statement of profit and loss	**253**	**348**	**1,039**	**1,076**

The tax rates under Indian Income Tax Act, for the quarter ended December 31, 2017 and December 31, 2016 is 34.61%.

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

Deferred tax

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

Particulars	As at April 1, 2017	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at December 31, 2017
Property, plant and equipment	326	95	-	-	421
Provision for doubtful debts	14	3	-	-	17
Provision for compensated absence	262	(79)	-	-	183
Provision for volume discount	42	(35)	-	-	7
Intangible assets	(239)	46	-	-	(193)
Net gain on fair value of mutual funds	(64)	(29)	-	-	(93)
Others	85	(42)	-	-	43
MAT Credit entitlement	198	-	-	(127)	71
	624	**(41)**	**-**	**(127)**	**456**

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

Particulars	As at April 1, 2016	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2017
Property, plant and equipment	254	72	-	-	326
Provision for doubtful debts	22	(8)	-	-	14
Provision for compensated absence	203	59	-	-	262
Provision for volume discount	73	(31)	-	-	42
Intangible assets	(337)	98	-	-	(239)
Net gain on fair value of mutual funds	(56)	(8)	-	-	(64)
Others	53	32	-	-	85
FVTOCI financial investments	(1)	-	1	-	-
MAT Credit entitlement	198	-	-	-	198
	409	**214**	**1**	**-**	**624**

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

Particulars	As at April 1, 2016	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at December 31, 2016
Property, plant and equipment	254	60	-	-	314
Provision for doubtful debts	22	1	-	-	23
Provision for compensated absence	203	11	-	-	214
Provision for volume discount	73	(21)	-	-	52
Intangible assets	(337)	55	-	-	(282)
Net gain on fair value of mutual funds	(56)	(25)	-	-	(81)
Others	53	21	-	-	74
FVTOCI financial investments	(1)	-	1	-	-
MAT Credit entitlement	198	-	-	2	200
	409	**102**	**1**	**2**	**514**

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

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Unused tax losses(long term capital loss) which expire in:		
-FY 2016-17	-	2
-FY 2018-19	159	163
-FY 2019-20	34	34
-FY 2021-22	48	48
-FY 2022-23	28	28
-FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	131	149
Loss of foreign subsidiary	261	76

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

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

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

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

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

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

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

17 Other income

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Dividend income from investments in mutual funds	-	1	1	4
Net gain on financial assets designated at fair value through profit and loss	57	78	319	241
Interest income on financial asset at amortised cost	12	26	89	81
Foreign exchange gain/ (loss), net	(85)	32	54	92
Reversal of liability towards acquisition of business**	65	-	742	45
Others*	10	7	106	49
Total	**59**	**144**	**1,311**	**512**

* Includes net gain on disposal of property, plant and equipment for the quarter and nine months ended December 31, 2017 Rs (1) and Rs 4 respectively. (For the quarter and nine months ended December 31, 2016 Rs 3 and Rs 8 respectively). Also includes income from government grants for the quarter and nine months ended December 31, 2017 Rs 3 and Rs 8 respectively. (For the quarter and nine months ended December 31, 2016 Rs 3 and Rs 8 respectively)

** During the six months ended September 30, 2017, the Company had written back to other income earn out towards acquisition of business to the erstwhile shareholders of Bluefin Solutions Limited and Magnet 360 LLC amounting to Rs 677.

18 Employee benefits expense

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Salaries and wages	8,351	7,994	24,549	23,790
Contribution to provident and other funds*	500	464	1,520	1,405
Expense on employee stock based compensation (Refer note 9)	50	18	143	55
Staff welfare expenses	45	57	128	175
Total	**8,946**	**8,533**	**26,340**	**25,425**

*includes contribution to defined contribution plans for the quarter and nine months ended December 31, 2017, Rs 473 and Rs 1,439 respectively (For the quarter and nine months ended December 31, 2016, Rs 439 and Rs 1,329 respectively).

19 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**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Gratuity cost				
Service cost	27	24	79	73
Net interest on net defined liability/(asset)	-	1	2	3
Re-measurement - actuarial (gain)/loss recognised in OCI	(7)	(5)	19	14
Net gratuity cost	**20**	**20**	**100**	**90**
Assumptions				
Interest rate	7.30%	6.70%	7.30%	6.70%
Salary increase	4.00%	4.00%	4.00%	4.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Change in projected benefit obligations		
Obligations at the beginning of the period	591	513
Service cost	79	97
Interest cost	29	36
Benefits settled	(49)	(69)
Actuarial (gain)/loss - experience	38	13
Actuarial (gain)/loss – demographic assumptions	-	3
Actuarial (gain)/loss – financial assumptions	(16)	(2)
Obligations at end of the period	**672**	**591**
Change in plan assets		
Plan assets at the beginning of the period, at fair value	500	375
Interest income on plan assets	27	32
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	3	4
Contributions	85	154
Benefits settled	(45)	(65)
Plan assets at the end of the period, at fair value	**570**	**500**

Historical information:

Particulars	**As at December 31, 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	(672)	(591)	(513)	(413)	(365)
Fair Value of Plan	570	500	375	395	363
Asset/ (liability) recognized	**(102)**	**(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**	
	December 31, 2017	**March 31, 2017**
Experience adjustment on plan liabilities	22	14
Experience adjustment on plan assets	(3)	(4)

Sensitivity analysis

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

	As at December 31, 2017		**As at March 31, 2017**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(32)	35	(29)	32
Future salary growth (1% movement)	34	(32)	31	(29)

Maturity profile of defined benefit obligation:

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Within 1 year	108	98
1-2 years	116	104
2-3 years	129	110
3-4 years	144	119
4-5 years	152	129
5-10 years	725	605

The Group expects to contribute Rs 108 to its defined benefit plans during the next fiscal year.

As at December 31, 2017 and March 31, 2017 100% of the plan assets were invested in insurer managed funds.

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

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20 Finance costs

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Interest expense on financial instruments designated at				
- Fair value through profit and loss	7	45	38	142
- Amortised cost	39	1	73	2
Total	**46**	**46**	**111**	**144**

21 Depreciation and amortization expense

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Depreciation on property, plant and equipment (Refer note 3)	292	314	932	953
Amortization of intangible assets (Refer note 4)	127	145	400	437
Total	**419**	**459**	**1,332**	**1,390**

22 Other expenses

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Travel expenses	528	518	1,815	1,699
Communication expenses	158	188	539	556
Sub-contractor charges	816	710	2,390	2,305
Computer consumables	205	196	606	622
Legal and professional charges	148	155	382	432
Power and fuel	69	73	226	244
Lease rentals (Refer note 27)	242	245	713	735
Repairs and maintenance				
- Buildings	17	14	43	45
- Machinery	16	15	39	38
Insurance	21	23	62	74
Rates and taxes	60	39	164	112
Other expenses	477	504	1,619	1,584
Total	**2,757**	**2,680**	**8,598**	**8,446**

23 Auditor's remuneration

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
As auditor:				
Audit fee	4	4	13	13
Other services	1	1	3	3
Reimbursement of expenses and levies	-	-	1	2
Total	**5**	**5**	**17**	**18**

24 Earnings per share (EPS)

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

Particulars	For the quarter ended			
	December 31, 2017		December 31, 2016	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	163,922,734	163,922,734	167,972,219	167,972,219
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	385,144	-	270,909
Weighted average number of equity shares for calculation of earnings per share	163,922,734	164,307,878	167,972,219	168,243,128

Particulars	For the nine months ended			
	December 31, 2017		December 31, 2016	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	166,396,564	166,396,564	167,888,954	167,888,954
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	389,695	-	274,791
Weighted average number of equity shares for calculation of earnings per share	166,396,564	166,786,259	167,888,954	168,163,745

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25 Government grants

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

Nature of expenses	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Grant towards workforce training	-	1	2	3
Total	**-**	**1**	**2**	**3**

b) The Group 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.

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

Nature of expenses	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Grant towards R & D credit	5	32	17	50
Total	**5**	**32**	**17**	**50**

The grant recognized in the balance sheet is Rs 51 as at December 31, 2017 (As at March 31, 2017 is Rs 33).

26 Other Comprehensive Income (OCI)

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

During the quarter ended December 31, 2017				
Particulars	**Equity instruments through Other Comprehensive Income**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	7	7
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(1)	(1)
	-	**-**	**6**	**6**
B (i) Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	(59)	-	(59)
Total	**-**	**(59)**	**6**	**(53)**

During the nine months ended December 31, 2017				
Particulars	**Equity instruments through Other Comprehensive Income**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(19)	(19)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	4	4
	-	**-**	**(15)**	**(15)**
B (i) Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	88	-	88
Total	**-**	**88**	**(15)**	**73**

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

During the quarter ended December 31, 2016

Particulars	Equity instruments through Other Comprehensive Income	FCTR	Other items of Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	5	5
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	-	**-**	**5**	**5**
B (i) Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	(46)	-	(46)
Total	**-**	**(46)**	**5**	**(41)**

During the nine months ended December 31, 2016

Particulars	Equity instruments through Other Comprehensive Income	FCTR	Other items of Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(14)	(14)
Gain/(loss) on equity instruments designated at FVTOCI	(4)	-	-	(4)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1	-	3	4
	(3)	**-**	**(11)**	**(14)**
B (i) Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	(373)	-	(373)
Total	**(3)**	**(373)**	**(11)**	**(387)**

27 Operating lease

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the quarter ended and nine months ended December 31, 2017 amounted to Rs 114 and Rs 331 respectively (For the quarter ended and nine months ended December 31, 2016 amounted to Rs 120 and Rs 358 respectively.)

Particulars	As at December 31, 2017	As at March 31, 2017
Payable – Not later than one year	260	297
Payable – Later than one year and not later than five years	607	513
Payable – Later than five years	378	313

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the quarter and nine months ended December 31, 2017 amounted Rs 128 and Rs 382 (For the quarter ended and nine months ended December 31, 2016 amounted to Rs 125 and Rs 377 respectively).

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28 Financial instruments

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

Particulars	**Carrying value**		**Fair value**	
Financial assets	**December 31, 2017**	**March 31, 2017**	**December 31, 2017**	**March 31, 2017**
Amortised cost				
Loans	763	679	763	679
Trade receivable	10,373	8,962	10,373	8,962
Cash and cash equivalents	1,217	2,508	1,217	2,508
Other financial assets	2,743	2,397	2,743	2,397
Investment in term deposit (unquoted)	410	610	410	610
Investment in debt securities (quoted)	50	150	50	150
FVTOCI				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	7	7	7	7
FVTPL				
Investments in mutual fund (quoted)	7,074	5,159	7,074	5,159
Derivative assets	30	37	30	37
Total assets	**22,668**	**20,510**	**22,668**	**20,510**
Financial liabilities				
Amortised cost				
Borrowings	2,505	996	2,505	996
Trade payables	1,494	1,651	1,494	1,651
Other financial liabilities	1,895	1,862	1,895	1,862
FVTPL				
Derivative liabilities	1	-	1	-
Liability towards acquisition of business	156	1,001	156	1,001
Total liabilities	**6,051**	**5,510**	**6,051**	**5,510**

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

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

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

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

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

iii) Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at December 31, 2017 was assessed to be insignificant.

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

v) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at December 31, 2017 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

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29 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at December 31, 2017 and March 31, 2017.

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

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial assets (Notes 28 & 7.5):					
Foreign exchange forward contracts	December 31, 2017	30	-	30	-
FVTOCI financial assets designated at fair value (Notes 28 & 5.1):					
Investment in equity instruments (unquoted)	December 31, 2017	1	-	-	1
Investment in preference shares (unquoted)	December 31, 2017	7	-	-	7
FVTPL financial assets designated at fair value (Notes 28 & 7.1):					
Investment in mutual funds (quoted)	December 31, 2017	7,074	7,074	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 28 & 13.2):					
Foreign exchange forward contracts	December 31, 2017	1	-	1	-
Financial liabilities designated at FVTPL (Note 28, 11.2 & 13.2):					
Liability towards acquisition of business	December 31, 2017	156	-	-	156

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:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial assets (Note 28 & 7.5):					
Foreign exchange forward contracts	March 31, 2017	37	-	37	-
FVTOCI financial assets designated at fair value (Notes 28 & 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 (Note 28 & 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 (Note 28, 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)

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Opening balance	7	11
Remeasurement recognised in OCI	-	(4)
Purchases	-	-
Sales	-	-
Closing balance	7	7

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Opening balance	1,001	1,431
Additions during the period	-	-
Fair value movement recognised in statement of profit and loss	38	182
Reversal during the period	(742)	(45)
Remeasurement recognised in statement of profit and loss	-	-
Translation adjustment	23	(100)
Payout during the period	(164)	(467)
Closing balance	**156**	**1,001**

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 Group arising from the liability towards acquisition of business.	a) Discount rate determined using capital asset pricing model 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 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 Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Non-designated derivative instruments (Sell):		
in USD millions	27	19
in EUR millions	3	1
in GBP millions	2	3

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

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

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Non-designated derivative instruments (Sell)		
Not later than 1 month		
in USD millions	11	9
in EUR millions	1	1
in GBP millions	1	1
Later than 1 month but not later than 3 months		
in USD millions	16	10
in EUR millions	2	-
in GBP millions	1	2

30 Financial risk management

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investment securities. Credit risk 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 Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

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

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

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Revenue from top customer	2,292	1,824	6,407	5,428
Revenue from top 5 customers	4,358	3,905	12,177	11,720

One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2017, however none of the customers accounted for more than 10% of the receivables as at December 31, 2017. One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2016, however none of the customers accounted for more than 10% of the receivables as at December 31, 2016.

Investments

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

Liquidity risk

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

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

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

The working capital position of the Group is given below:

Particulars	**As at December 31, 2017**	**As at March 31, 2017**
Cash and cash equivalents	1,217	2,508
Investments in mutual funds (quoted)	7,074	5,159
Investments in non-convertible bonds (quoted)	-	100
Investment in term deposit (unquoted)	410	610
Total	**8,701**	**8,377**

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

Particulars	**As at December 31, 2017**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	2,496	5	4
Trade payables	1,494	-	-
Other financial liabilities	2,051	-	-
Derivative liabilities	1	-	-

Particulars	**As at March 31, 2017**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	983	5	8
Trade payables	1,651	-	-
Other financial liabilities	2,633	230	-
Derivative liabilities	-	-	-

Foreign currency risk

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

Consequently, the Group uses derivative financial instruments, such as foreign exchange forward 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 Group's forward contracts, a 1% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

a) an approximately Rs 50 increase and Rs 9 increase in the Group's net profit as at December 31, 2017;
b) an approximately Rs 33 increase and Rs 15 decrease in the Group's net profit as at December 31, 2016

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

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

As at December 31, 2017 — **Rs in million**

Particulars	US $	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	6,651	1,420	1,188	710	9,969
Unbilled revenue	1,625	209	438	72	2,344
Cash and cash equivalents	642	100	131	281	1,154
Other assets	91	44	45	21	201
Liabilities					
Borrowings	-	-	-	-	-
Trade payables	521	35	198	107	861
Other liabilities	703	43	318	27	1,091
Net assets/liabilities	**7,785**	**1,695**	**1,286**	**950**	**11,716**

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

As at March 31, 2017 — **Rs in million**

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

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

For the quarter and nine months ended December 31, 2017 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.2%/ (0.3)% and 0.2%/ (0.3)% respectively. For the quarter and nine months ended December 31, 2016, the impact on operating margins would be 0.2% /(0.3)% and 0.2%/(0.2)% respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

31 Capital management

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

The capital structure is as follows:

Particulars	As at December 31, 2017	As at March 31, 2017
Total equity attributable to the equity share holders of the Group	25,880	25,771
As percentage of total capital	91%	96%
Current loans and borrowings	2,496	983
Non-current loans and borrowings	9	13
Total loans and borrowings	2,505	996
As a percentage of total capital	9%	4%
Total capital (borrowings and equity)	**28,385**	**26,767**

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

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

32 Related party transaction

Name of related party	Nature of relationship
Mindtree Foundation	Entity with common key managerial person
Coffee Day Global Limited Tanglin Developments Limited ('TDL') Sical Logistics Limited Mysore Amalgamated Coffee Estate Ltd	These entities are part of Coffee Day Group which through various entities and its promoters holds 20.45% 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		For the nine months ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Mindtree Foundation	Donation paid	8	10	33	35
Sical Logistics Limited	Software services rendered	1	-	2	-
Coffee Day Global Limited	Procurement of supplies	5	7	12	17
	Software services rendered	-	6	(1)	30
Tanglin Developments Limited	Leasing office buildings and land	95	96	299	305
	Advance/ deposits paid				
	- towards electricity deposit/ charges	-	-	6	-
	- towards lease rentals	35	-	141	117
	Advance/ deposits received back				
	- towards lease rentals	90	56	90	101

Balances payable to related parties are as follows:

Name of related party		As at December 31, 2017	As at March 31, 2017
Coffee Day Global Limited	Trade Payables	-	3

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at December 31, 2017	As at March 31, 2017
Sical Logistics Limited	Trade receivables	-	-
Coffee Day Global Limited	Trade receivables	7	44
Tanglin Developments Limited	Short-term loans and advances		
	- Rental advance	51	-
	Long-term loans and advances		
	- Security deposit (including electricity deposit) returnable on termination of lease	270	271

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

[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 shareholders have approved the re-appointment at the Annual General meeting on July 18, 2017.

Transactions with key management personnel

Dividends paid to directors during the quarter and nine months ended December 31, 2017 amounts to Rs 82 and Rs 194 respectively and for the quarter and nine months ended December 31, 2016 amounts to Rs 67 and Rs 177 respectively. Further, during the nine months ended December 31, 2017, 4,665 shares were allotted to the key management personnel.

Compensation of key management personnel of the Group

Particulars	For the quarter ended*		For the nine months ended*	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Short-term employee benefits	21	18	63	60
Share-based payment transactions	1	-	3	2
Others	4	7	12	20
Total compensation paid to key management personnel	**26**	**25**	**78**	**82**

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

33 Contingent liabilities

a) The Group has received income tax assessment order for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 respectively on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to Rs 18 against these demands.

b) The Group has received income tax assessment order under Section 143(3) of the Income-Tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal (ITAT). The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 563 against these demands.

The Group received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the Company's contentions and quashed the demand raised. The income tax department appealed against the above mentioned order with ITAT. ITAT, in an earlier year passed an order setting aside both the orders of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and remanded the matter back to the Assessing Officer for re-assessment. The Group preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment. The Deputy Commissioner of Income Tax has completed the reassessment and has issued a Final assessment order with a revised demand amounting to Rs 202 due to transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).

The Group has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Group has a filed an appeal with ITAT, Bengaluru.

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

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

The Group has received the order from ITAT for the FY 2007-08 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received.

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

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

c) The Group received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Group has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavorable grounds, the Group has filed an appeal before ITAT. The final order giving effect by the Assessing Officer is completed and the demand is reduced to Rs 33. The Group has deposited Rs 5 with the department against this demand.

d) The Group has received the revised order under section 263 for financial year 2009-10 from Assessing Officer reducing the demand to Rs 6. The Group has filed an appeal before ITAT. ITAT has dismissed the appeal. Order giving effect has been received. The Group has filed an appeal before Commissioner of Income Tax (Appeals).

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

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

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

34 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2017 is Rs 271 (As at March 31, 2017: Rs 242).

35 The Board of Directors at its meeting held on October 06, 2017, have approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Magnet 360, LLC ("Transferor Company") with Mindtree Limited ("Transferee Company") with an appointed date of April 01, 2017. During the quarter, the Company has filed an application with the National Company Law Tribunal (NCLT), Bengaluru Bench. Pending the required approvals, the effect of the Scheme has not been given in the financial statements.

36 Segment information

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 Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

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

Each segment item reported is measured at the measure used to reported 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 customers invoices or in relation to which the revenue is otherwise recognized.

Statement of income	**For quarter ended December 31,**	
	2017	**2016**
Segment revenue from external customers		
RCM	3,210	3,116
BFSI	3,413	3,122
TMS	5,049	4,757
TH	2,105	1,958
Total	**13,777**	**12,953**
Segment operating income		
RCM	553	343
BFSI	390	222
TMS	853	920
TH	278	255
Total	**2,074**	**1,740**
Depreciation and Amortization expense	(419)	(459)
Profit for the period before finance expenses, other income and tax	**1,655**	**1,281**
Finance costs	(46)	(46)
Other income	132	86
Interest income	12	26
Foreign exchange gain/ (loss)	(85)	32
Net profit before taxes	**1,668**	**1,379**
Income taxes	(253)	(348)
Net profit after taxes	**1,415**	**1,031**

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

Statement of income	**For nine months ended December 31,**	
	2017	**2016**
Segment revenue from external customers		
RCM	9,252	9,444
BFSI	9,936	9,632
TMS	14,911	14,296
TH	5,889	5,811
Total	**39,988**	**39,183**
Segment operating income		
RCM	1,108	1,163
BFSI	917	873
TMS	2,384	2,718
TH	641	558
Total	**5,050**	**5,312**
Depreciation and Amortization expense	(1,332)	(1,390)
Profit for the period before finance expenses, other income and tax	**3,718**	**3,922**
Finance costs	(111)	(144)
Other income	1,168	339
Interest income	89	81
Foreign exchange gain/ (loss)	54	92
Net profit before taxes	**4,918**	**4,290**
Income taxes	(1,039)	(1,076)
Net profit after taxes	**3,879**	**3,214**

Other information	**For quarter ended December 31,**		**For nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Other significant non-cash expense (Allocable)				
RCM	(39)	(3)	(3)	25
BFSI	8	3	(1)	7
TMS	4	12	16	21
TH	22	(25)	17	8

Geographical information

	For quarter ended December 31,		**For nine months ended December 31,**	
Revenues	**2017**	**2016**	**2017**	**2016**
America	9,603	8,896	27,562	26,511
Europe	2,884	2,690	8,632	8,538
India	442	402	1,293	1,266
Rest of world	848	965	2,501	2,868
Total	**13,777**	**12,953**	**39,988**	**39,183**

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 No. 30 on Financial Instruments for information on revenue from major customers.

37 Total of expenditure incurred on Corporate Social Responsibility activities during the quarter and nine months ended December 31, 2017 is Rs 28 and Rs 93 respectively (during the quarter and nine months ended December 31, 2016 is Rs 38 and Rs 90 respectively).

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

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

V. Balaji
Partner
Membership Number: 203685

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : January 17, 2018

Place: Bengaluru
Date : January 17, 2018