Mindtree Limited
Consolidated balance sheet

	Note	As at June 30, 2018	Rs in million As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,424	3,509
Capital work in progress		197	92
Goodwill	4	4,626	4,539
Other intangible assets	4	1,458	1,520
Financial assets	5		
Investments	5.1	58	58
Loans	5.2	752	751
Deferred tax assets (Net)	16	327	318
Other non-current assets	6	1,559	1,547
		12,401	**12,334**
Current assets			
Financial assets	7		
Investments	7.1	6,187	7,206
Trade receivables	7.2	12,115	10,155
Cash and cash equivalents	7.3	1,790	3,289
Loans	7.4	17	17
Other financial assets	7.5	2,628	3,081
Other current assets	8	1,849	1,283
		24,586	**25,031**
TOTAL ASSETS		**36,987**	**37,365**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	1,640	1,639
Other equity	10	27,067	25,775
		28,707	**27,414**
Liabilities			
Non-current liabilities			
Financial liabilities	11		
Borrowings	11.1	5	9
Other non-current liabilities	12	79	85
		84	**94**
Current liabilities			
Financial liabilities	13		
Borrowings	13.1	1,000	3,000
Trade payables		2,179	1,710
Other financial liabilities	13.2	1,516	1,812
Other current liabilities	14	1,594	1,802
Provisions	15	1,367	1,218
Current tax liabilities (Net)		540	315
		8,196	**9,857**
		8,280	**9,951**
TOTAL EQUITY AND LIABILITIES		**36,987**	**37,365**

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 : July 18, 2018

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

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : July 18, 2018

Mindtree Limited
Consolidated statement of profit and loss

		Rs in million, except per share data	
		For the quarter ended	
	Note	**June 30, 2018**	**June 30, 2017**
Revenue from operations	17	16,395	12,895
Other income	18	279	654
Total income		**16,674**	**13,549**
Expenses			
Employee benefits expense	19	10,395	8,393
Finance costs	21	28	40
Depreciation and amortization expense	22	400	459
Other expenses	23	3,690	3,067
Total expenses		**14,513**	**11,959**
Profit before tax		**2,161**	**1,590**
Tax expense:			
Current tax	16	647	385
Deferred tax	16	(68)	(12)
Profit for the period		**1,582**	**1,217**
Other comprehensive income	27		
A (i) Items that will not be reclassified to profit and loss		(45)	6
(ii) Income tax relating to items that will not be reclassified to profit and loss		11	(1)
B Items that will be reclassified to profit and loss		121	115
Total other comprehensive income		**87**	**120**
Total comprehensive income for the period		**1,669**	**1,337**
Earnings per equity share:	25		
(1) Basic (Rs)		9.65	7.24
(2) Diluted (Rs)		9.62	7.23

See accompanying notes to the consolidated interim financial statements

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Company Secretary

Place: Bengaluru
Date : July 18, 2018

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Date : July 18, 2018

Mindtree Limited
Consolidated statement of cash flows

	Rs in million, except per share data	
	For the quarter ended June 30	
	2018	2017
Cash flow from operating activities		
Profit for the period	1,582	1,217
Adjustments for :		
Income tax expense recognised in the statement of profit and loss	579	373
Depreciation and amortization expense	400	459
Expense on employee stock based compensation	16	47
Allowance for expected credit losses	37	(1)
Finance costs	28	40
Interest income on financial assets at amortised cost	(33)	(61)
Dividend income	-	(1)
Net gain on disposal of property, plant and equipment	(4)	(4)
Net gain on financial assets designated at fair value through profit and loss	(50)	(135)
Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss	-	(374)
Unrealised exchange difference on liability towards acquisition of businesses	-	11
Unrealised exchange difference on derivatives	22	34
Income from government grant	-	(3)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(75)	(8)
Changes in operating assets and liabilities		
Trade receivables	(1,997)	863
Other assets	(114)	(174)
Trade payables	519	13
Other liabilities	(537)	(184)
Provisions	149	43
Net cash provided by operating activities before taxes	**522**	**2,155**
Income taxes paid (net of refunds)	(408)	(253)
Net cash provided by operating activities	**114**	**1,902**
Cash flow from investing activities		
Purchase of property, plant and equipment	(347)	(342)
Proceeds from sale of property, plant and equipment	19	6
Payment towards acquisition of businesses	-	(104)
Interest income on financial assets at amortised cost	8	14
Dividend income received	-	1
Purchase of investments	(3,902)	(4,241)
Proceeds from sale of investments	4,977	2,592
Net cash (used in)/ provided by investing activities	**755**	**(2,074)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	1
Proceeds from share application money pending allotment	2	-
Finance costs	(34)	(1)
Repayment of short-term borrowings	(2,004)	(12)
Dividends paid (including distribution tax)	(394)	(403)
Net cash (used in) financing activities	**(2,429)**	**(415)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	75	17
Net (decrease) in cash and cash equivalents	**(1,485)**	**(570)**
Cash and cash equivalents at the beginning of the period	3,275	2,508
Cash and cash equivalents at the end of the period (refer note 7.3)	**1,790**	**1,938**

Mindtree Limited
Consolidated statement of cash flows

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

Particulars	As at March 31, 2018	Proceeds	Repayment	Fair value changes	As at June 30, 2018
Long-term borrowings (including current portion)	14	-	(4)	-	**10**
Short-term borrowings	3,000	-	(2,000)	-	**1,000**
Total liabilities from financing activities	**3,014**	**-**	**(2,004)**	**-**	**1,010**

See accompanying notes to the consolidated interim financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
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Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : July 18, 2018

Place: Bengaluru
Date : July 18, 2018

Mindtree Limited
Consolidated statement of changes in equity

(a) Equity share capital	**Rs in million** **Amount**
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 March 31, 2018	**1,639**
Balance as at April 1, 2018	**1,639**
Add: Shares issued on exercise of stock options and restricted shares	1
Balance as at June 30, 2018	**1,640**

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

Particulars		**Reserves and surplus (refer note 10)**							**Items of Other Comprehensive Income (refer note 10)**			
	Share application money pending allotment	**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**	**Total other equity**
Balance as at April 1, 2017	-	**87**	**1,542**	-	-	**1,200**	**51**	**22,071**	**(824)**	-	**(36)**	**24,091**
Profit for the period	-	-	-	-	-	-	-	1,217	-	-	-	1,217
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	115	-	5	120
Created during the period	-	-	-	282	-	-	-	(282)	-	-	-	-
Utilised during the period	-	-	-	(85)	-	-	-	85	-	-	-	-
Transferred to securities premium reserve	-	-	-	-	-	37	(37)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 19)	-	-	-	-	-	-	47	-	-	-	-	47
Balance as at June 30, 2017	-	**87**	**1,542**	**197**	-	**1,237**	**61**	**23,091**	**(709)**	-	**(31)**	**25,475**
Balance as at April 1, 2017	-	**87**	**1,542**	-	-	**1,200**	**51**	**22,071**	**(824)**	-	**(36)**	**24,091**
Profit for the period	-	-	-	-	-	-	-	5,701	-	-	-	5,701
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	146	-	(18)	128
Created during the period	-	-	(42)	1,223	42	-	-	(1,223)	-	-	-	-
Utilised during the period	-	-	-	(459)	-	-	-	459	-	-	-	-
Buyback of equity shares (refer note 9e)	-	-	(1,274)	-	-	(1,237)	-	(87)	-	-	-	(2,598)
Transferred to securities premium reserve	-	-		-	-	45	(45)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 19)	-	-	-	-	-	-	195	-	-	-	-	195
Cash dividends (refer note 10.1)	-	-	-	-	-	-	-	(1,488)	-	-	-	(1,488)
Dividend distribution tax (refer note 10.1)	-	-	-	-	-	-	-	(254)	-	-	-	(254)
Balance as at March 31, 2018	-	**87**	**226**	**764**	**42**	**8**	**201**	**25,179**	**(678)**	-	**(54)**	**25,775**
Balance as at April 1, 2018	-	**87**	**226**	**764**	**42**	**8**	**201**	**25,179**	**(678)**	-	**(54)**	**25,775**
Profit for the period	-	-	-	-	-	-	-	1,582	-	-	-	1,582
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	121	-	(34)	87
Created during the period	-	-	-	292	-	-	-	(292)	-	-	-	-
Utilised during the period	-	-	-	(187)	-	-	-	187	-	-	-	-
Transferred to securities premium reserve	-	-	-	-	-	40	(40)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 19)	-	-	-	-	-	-	16	-	-	-	-	16
Cash dividends (refer note 10.1)	-	-	-	-	-	-	-	(328)	-	-	-	(328)
Dividend distribution tax (refer note 10.1)	-	-	-	-	-	-	-	(67)	-	-	-	(67)
Share application money received, net of issue of shares	2	-	-	-	-	-	-	-	-	-	-	2
Balance as at June 30, 2018	**2**	**87**	**226**	**869**	**42**	**48**	**177**	**26,261**	**(557)**	-	**(88)**	**27,067**

See accompanying notes to the consolidated interim financial statements
As per our report of even date attached
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Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : July 18, 2018

Place: Bengaluru
Date : July 18, 2018

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter ended June 30, 2018
(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 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), High Technology and Media (Hi-tech) (erstwhile 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 (USA), 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 interim financial statements were authorized for issuance by the Company’s Board of Directors on July 18, 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 relevant amendment rules issued thereafter.

Except for the changes below, the Group has consistently applied accounting policies to all periods.

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Group has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

(b) Basis of measurement
The consolidated interim 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 interim 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 interim financial statements is included in the following notes:

i) *Revenue recognition:*

a) 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.

b) Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately or together requires significant judgment based on nature of the contract, transfer of control over the product or service, ability of the product or service to benefit the customer on its own or together with other readily available resources and the ability of the product or service to be separately identifiable from other promises in the contract.

ii) *Income taxes:* The Group’s two major tax jurisdictions are India and USA, though the Group 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 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 such 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 interim 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 interim 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). Also, refer note 2.1(a).

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 sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. Loans and borrowings and 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 and 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 intangible assets 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 receivables.

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 regular intervals, 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. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or a service to a customer. 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 115, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Group has measured the revenue in respect of distinct performance obligation at its stand-alone selling price, in accordance with principles given in Ind AS 115.

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, goods and services 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 (EPS)
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 favorable interest is recognized as Government grant. 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)

Non-current assets

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, 2017	**84**	**3,272**	**1,337**	**217**	**910**	**3,039**	**702**	**398**	**29**	**9,988**
Additions	-	2	27	-	24	66	7	6	-	132
Translation adjustment	-	-	-	-	-	3	-	1	-	4
Disposals / adjustments	-	(6)	(2)	-	(2)	(139)	-	(5)	(2)	(156)
At June 30, 2017	**84**	**3,268**	**1,362**	**217**	**932**	**2,969**	**709**	**400**	**27**	**9,968**
At April 1, 2017	**84**	**3,272**	**1,337**	**217**	**910**	**3,039**	**702**	**398**	**29**	**9,988**
Additions	-	322	105	2	50	354	41	44	-	918
Translation adjustment	-	-	-	-	-	3	-	1	-	4
Disposals / adjustments	-	(26)	(15)	-	(3)	(202)	(4)	(10)	(2)	(262)
At March 31, 2018	**84**	**3,568**	**1,427**	**219**	**957**	**3,194**	**739**	**433**	**27**	**10,648**
At April 1, 2018	**84**	**3,568**	**1,427**	**219**	**957**	**3,194**	**739**	**433**	**27**	**10,648**
Additions	-	13	29	-	3	166	-	3	-	214
Translation adjustment	-	-	2	-	1	4	-	2	-	9
Disposals / adjustments	-	-	(16)	-	-	(23)	-	(2)	-	(41)
At June 30, 2018	**84**	**3,581**	**1,442**	**219**	**961**	**3,341**	**739**	**436**	**27**	**10,830**
Accumulated depreciation										
At April 1, 2017	**9**	**1,168**	**929**	**217**	**674**	**2,441**	**493**	**226**	**22**	**6,179**
Depreciation expense	-	57	49	-	31	134	35	14	1	321
Translation adjustment	-	-	-	-	-	3	-	1	-	4
Disposals / adjustments	-	(6)	(1)	-	(2)	(139)	-	(6)	(2)	(156)
At June 30, 2017	**9**	**1,219**	**977**	**217**	**703**	**2,439**	**528**	**235**	**21**	**6,348**
At April 1, 2017	**9**	**1,168**	**929**	**217**	**674**	**2,441**	**493**	**226**	**22**	**6,179**
Depreciation expense	1	231	185	-	116	491	123	63	5	1,215
Translation adjustment	-	-	-	-	-	3	-	1	-	4
Disposals / adjustments	-	(26)	(15)	-	(3)	(199)	(4)	(10)	(2)	(259)
At March 31, 2018	**10**	**1,373**	**1,099**	**217**	**787**	**2,736**	**612**	**280**	**25**	**7,139**
At April 1, 2018	**10**	**1,373**	**1,099**	**217**	**787**	**2,736**	**612**	**280**	**25**	**7,139**
Depreciation expense	-	18	85	-	27	115	24	16	1	286
Translation adjustment	-	-	2	-	-	4	-	1	-	7
Disposals / adjustments	-	-	(1)	-	-	(23)	-	(2)	-	(26)
At June 30, 2018	**10**	**1,391**	**1,185**	**217**	**814**	**2,832**	**636**	**295**	**26**	**7,406**
Net carrying value as at June 30, 2018	**74**	**2,190**	**257**	**2**	**147**	**509**	**103**	**141**	**1**	**3,424**
Net carrying value as at March 31, 2018	**74**	**2,195**	**328**	**2**	**170**	**458**	**127**	**153**	**2**	**3,509**
Net carrying value as at June 30, 2017	**75**	**2,049**	**385**	**-**	**229**	**530**	**181**	**165**	**6**	**3,620**

Mindtree Limited
Significant accounting policies and notes to the accounts
For the quarter ended June 30, 2018
(Rupees in millions, except share and per share data, unless otherwise stated)

Non-current assets

4 Goodwill and other intangible assets

a) Goodwill and other intangible assets	Goodwill	Other intangible assets								Total other intangible assets
Particulars		**Intellectual property**	**Business alliance relationships**	**Customer relationships**	**Non compete agreement**	**Vendor relationships**	**Tradename**	**Technology**	**Computer software**	
Gross carrying value										
At April 1, 2017	**4,470**	**67**	**72**	**1,262**	**53**	**681**	**286**	**262**	**1,070**	**3,753**
Additions	-	-	-	-	-	-	-	-	3	3
Translation adjustment	55	-	-	27	-	5	5	-	-	37
Disposals / adjustments	-	-	-	-	-	-	-	-	(3)	(3)
At June 30, 2017	**4,525**	**67**	**72**	**1,289**	**53**	**686**	**291**	**262**	**1,070**	**3,790**
At April 1, 2017	**4,470**	**67**	**72**	**1,262**	**53**	**681**	**286**	**262**	**1,070**	**3,753**
Additions	-	-	-	-	-	-	-	-	35	35
Translation adjustment	69	-	-	30	-	9	6	-	-	45
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	**4,539**	**67**	**72**	**1,292**	**53**	**690**	**292**	**262**	**1,105**	**3,833**
At April 1, 2018	**4,539**	**67**	**72**	**1,292**	**53**	**690**	**292**	**262**	**1,105**	**3,833**
Additions	-	-	-	-	-	-	-	-	19	19
Translation adjustment	87	-	-	17	1	25	6	-	1	50
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2018	**4,626**	**67**	**72**	**1,309**	**54**	**715**	**298**	**262**	**1,125**	**3,902**
Accumulated amortisation										
At April 1, 2017	**-**	**67**	**39**	**449**	**18**	**131**	**45**	**46**	**1,017**	**1,812**
Amortisation expense	-	-	4	77	3	25	8	6	15	138
Translation adjustment	-	-	-	1	-	-	-	-	-	1
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2017	**-**	**67**	**43**	**527**	**21**	**156**	**53**	**52**	**1,032**	**1,951**
At April 1, 2017	**-**	**67**	**39**	**449**	**18**	**131**	**45**	**46**	**1,017**	**1,812**
Amortisation expense	-	-	18	276	11	93	30	26	46	500
Translation adjustment	-	-	-	1	-	-	-	-	-	1
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	**-**	**67**	**57**	**726**	**29**	**224**	**75**	**72**	**1,063**	**2,313**
At April 1, 2018	**-**	**67**	**57**	**726**	**29**	**224**	**75**	**72**	**1,063**	**2,313**
Amortisation expense	-	-	4	59	3	23	7	7	11	114
Translation adjustment	-	-	-	8	1	6	1	-	1	17
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2018	**-**	**67**	**61**	**793**	**33**	**253**	**83**	**79**	**1,075**	**2,444**
Net carrying value as at June 30, 2018	**4,626**	**-**	**11**	**516**	**21**	**462**	**215**	**183**	**50**	**1,458**
Net carrying value as at March 31, 2018	**4,539**	**-**	**15**	**566**	**24**	**466**	**217**	**190**	**42**	**1,520**
Net carrying value as at June 30, 2017	**4,525**	**-**	**29**	**762**	**32**	**530**	**238**	**210**	**38**	**1,839**
Estimated useful life (in years)	NA	5	4	3 - 5	5	5 - 10	10	10	2 - 3	
Estimated remaining useful life (in years)	NA	-	0.75	2.00	1.75 - 2.00	2.00 - 7.50	7.00 - 7.50	7.00	0.00 - 1.93	

The aggregate amount of research and development expense recognized in the statement of profit and loss for the quarter ended June 30, 2018 is Rs 114. (Rs 117 for the quarter ended June 30, 2017)

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

4 Goodwill and other intangible assets

b) Impairment

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

Particulars	As at	
	June 30, 2018	March 31, 2018
Carrying value at the beginning of the period	4,539	4,470
Translation differences	87	69
Carrying value at the end of the period	**4,626**	**4,539**

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 goodwill on acquisition of subsidiaries has been allocated as follows:

Particulars	March 31, 2018
RCM	2,388
BFSI	1,133
TMS	948
TH	70
Total	**4,539**

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, 2018, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The key assumptions used for the calculations were as follows:

Particulars	As at March 31, 2018
Discount rate	15.0% - 20.8%

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 June 30, 2018	As at March 31, 2018
Investments in equity instruments (unquoted)		
a) 2,400 (March 31, 2018: 2,400) equity shares in Careercommunity.com Limited	-	-
b) 950,000 (March 31, 2018: 950,000) equity shares of Rs 1 each in NuvePro Technologies Private Limited	1	1
c) 12,640 (March 31, 2018: 12,640) equity shares in Worldcast Technologies Private Limited	-	-
Investments in preference shares (unquoted)		
643,790 (March 31, 2018: 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, 2018: 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 June 30, 2018	As at March 31, 2018
(Unsecured, considered good)		
Security deposits*	752	751
Total	**752**	**751**

* Includes deposits to related parties Rs 270 as at June 30, 2018 (As at March 31, 2018: Rs 270). Refer Note 33 for related party balances.

6 Other non-current assets

Particulars	As at June 30, 2018	As at March 31, 2018
Capital advances	29	70
Advance income-tax including tax deducted at source (net of provision for taxes)	1,392	1,336
Prepaid expenses	122	125
Service tax receivable	11	11
Others	5	5
Total	**1,559**	**1,547**

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

Current assets

7 Financial assets

7.1 Investments

Particulars	As at June 30, 2018		As at March 31, 2018	
i) Investments in Mutual Funds (quoted)				
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**
ICICI Prudential Mutual Fund	32,209,458	511	26,667,084	726
IDFC Mutual Fund	52,654,639	677	64,650,425	882
UTI Mutual Fund	11,861,370	204	13,845,137	229
Aditya Birla Sun Life Mutual Fund	3,492,237	329	1,370,919	189
Reliance Mutual Fund	14,776,191	227	13,319,482	286
Axis Mutual Fund	6,270,030	114	3,182,085	63
Tata Mutual Fund	16,087,098	360	13,147,641	463
SBI Mutual Fund	14,841,585	352	11,684,841	503
Sundaram Mutual Fund	7,047,209	101	5,788,879	152
L & T Mutual Fund	-	-	16,837,950	415
HDFC Mutual Fund	23,691,874	436	18,131,696	415
Bank of India AXA Mutual Fund	14,642,422	216	24,642,422	347
Kotak Mutual Fund	18,801,087	368	15,681,220	520
DSP Blackrock Mutual Fund	14,652,384	276	25,738,957	378
DHFL Pramerica Mutual Fund (DHFL)	51,514	52	3,698,944	82
Invesco Mutual Fund	7,155,661	275	5,180,783	316
Franklin Templeton Mutual Fund	21,158,566	355	11,549,278	152
Total		**4,853**		**6,118**
ii) Investment in non-convertible bonds (quoted)				
Secured redeemable non-convertible debentures in Kotak Mahindra Prime Limited	100	100	100	100
Total		**100**		**100**
iii) Investment in non-convertible bonds (unquoted)				
Housing Development Finance Corporation Limited	10	104	-	-
Total		**104**		**-**
iv) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		390		300
-Kotak Mahindra Investments Limited		200		200
-Kotak Mahindra Prime Limited		50		50
-PNB Housing Finance Limited		250		250
Total		**890**		**800**
v) Investments in commercial paper (unquoted)				
-Barclays Investment and Loans (India)		192		142
-Kotak Mahindra Investment Limited		48		46
		240		**188**
Grand Total		**6,187**		**7,206**
Aggregate carrying amount of quoted investments		**4,953**		**6,218**
Aggregate market value of quoted investments		**4,953**		**6,218**
Aggregate amount of unquoted investments		**1,234**		**988**

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

7.2 Trade receivables

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
(Unsecured)		
Considered good	12,115	10,155
Considered doubtful	156	119
Less: Allowance for expected credit losses	(156)	(119)
Total	**12,115**	**10,155**

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 regular intervals, 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	0.1%	2.5%	22%	60%

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

Movement in the expected credit loss allowance

Particulars	**For the period ended**		
	June 30, 2018	**June 30, 2017**	**March 31, 2018**
Balance at the beginning of the period	119	106	106
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	37	(1)	13
Provision at the end of the period	**156**	**105**	**119**

7.3 Cash and cash equivalents

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Cash on hand	-	-
Balances with banks in current accounts and deposit accounts*	1,776	3,276
Other bank balances**	14	13
Cash and cash equivalents as per balance sheet	**1,790**	**3,289**
Book overdrafts used for cash management purposes (Refer Note 13.2)	-	(14)
Cash and cash equivalents as per statement of cash flows	**1,790**	**3,275**

*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 June 30, 2018**	**As at March 31, 2018**
(Unsecured, considered good)		
Security deposits	17	17
Total	**17**	**17**

7.5 Other financial assets

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Advances to employees	251	273
Less: Provision for doubtful advances to employees	(10)	(9)
	241	264
Unbilled revenue*	2,344	2,791
Derivative assets	2	1
Accrued income	41	25
	2,628	**3,081**

*Classified as financial asset as right to consideration is unconditional upon passage of time

8 Other current assets

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Advance to suppliers	104	43
Prepaid expenses	682	812
Unbilled revenue*	641	-
Others	422	428
Total	**1,849**	**1,283**

*Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones

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

9 Equity share capital

a)

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Authorised		
800,000,000 (March 31, 2018 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,019,626 (March 31, 2018 : 163,926,311) equity shares of Rs 10 each fully paid	1,640	1,639
Total	**1,640**	**1,639**

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 June 30, 2018		**As at March 31, 2018**	
	Number of shares	**Rs**	**Number of shares**	**Rs**
Number of shares outstanding at the beginning of the period	163,926,311	1,639	168,025,546	1,680
Add: Shares issued on exercise of stock options and restricted shares	93,315	1	124,765	1
Less: Buyback of equity shares*	-	-	4,224,000	42
Number of shares outstanding at the end of the period	**164,019,626**	**1,640**	**163,926,311**	**1,639**

* 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 June 30, 2018**		**As at March 31, 2018**	
	Number of shares	**%**	**Number of shares**	**%**
1. Coffee Day Enterprises Limited*	17,461,768	10.7%	17,461,768	10.7%
2. Nalanda India Fund Limited	14,568,212	8.9%	14,568,212	8.9%
3. Coffee Day Trading Limited	10,594,244	6.5%	10,594,244	6.5%

*The Group has received a communication that one of the shareholders with respect to his share-holding of 3.34% in the Company shall vote along side and in tandem with Coffee Day Enterprises Limited.

e) In the period of five years immediately preceding June 30, 2018:

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) Pursuant to the approval of the Board and the Administrative Committee at its meetings held on June 28, 2017 and July 20, 2017 respectively, 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.

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

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at June 30, 2018 and March 31, 2018.

Program 2 [ESOP 2001]

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

Particulars	Quarter ended June 30,			
	2018		2017	
	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
Granted during the period	-	-	-	-
Exercised during the period	-	-	280	12.50
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**-**	**-**	**1,400**	**12.50**
Options vested and exercisable, end of the period	-	-	1,400	12.50

Program 3 [ESOP 2006 (a)]

This plan was terminated on October 25, 2006 and there are no options outstanding as at June 30, 2018 and March 31, 2018.

Program 4 [ESOP 2006 (b)]

Options under this program are granted to employees at an exercise price periodically determined by the Nomination and Remuneration Committee. All stock options have a four-year vesting term and vest and become fully exercisable at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant. There are no outstanding options as at June 30, 2018 and March 31, 2018.

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 June 30,			
	2018		2017	
	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
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	**145,456**	**105.88**
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. There are no outstanding options as at June 30, 2018 and March 31, 2018.

Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010A 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 June 30, 2018 and March 31, 2018.

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

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

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

Particulars	Quarter ended June 30,			
	2018		2017	
	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	263,060	10.00	123,085	10.00
Exercised during the period	93,315	10.00	97,060	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	169,745	10.00	26,025	10.00
Shares vested and exercisable, end of the period	169,745	10.00	26,025	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 June 30, 2018 are given below:

Particulars	Phantom stock options plan
Total no. of units/ shares	425,000
Vested units/ shares	-
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	425,000
Contractual life	1 year
Date of grant	April 1, 2018
Price per share/ unit	Grant price of Rs 772

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the period	658,000
Number of units/shares granted under letter of intent during the period	7,000
Vested units/ shares	263,060
Lapsed units/ shares	15,190
Forfeited units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	386,750
Contractual life	1-4 years
Date of grant*	April 14, 2017, July 26, 2017, August 23, 2017, April 20, 2018
Price per share/ unit*	Exercise price of Rs 10

*Based on Letter of Intent

**Does not include direct allotment of shares

The following tables summarize information about the options/ shares outstanding under various programs as at June 30, 2018 and March 31, 2018 respectively:

Particulars	As at June 30, 2018		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
ERSP 2012	169,745	-	10.00

Particulars	As at March 31, 2018		
	Number of options/shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
ERSP 2012	-	-	-

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the quarter ended June 30, 2018 was Rs 979.90 using the Black-Scholes model with the following assumptions:

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

	As at June 30, 2018
Weighted average grant date share price	967.45
Weighted average exercise price	Rs 10
Dividend yield %	0.32%
Expected life	1 year
Risk free interest rate	6.68%
Volatility	29.68%

		As at June 30, 2018	As at March 31, 2018
10	**Other equity**		
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	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.	48	8
d)	**General reserve** This represents appropriation of profit by the Company.	226	226
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.	869	764
f)	**Retained earnings** Retained earnings comprises of undistributed earnings net of amounts transferred to General reserve.	26,261	25,179
g)	**Share option outstanding account** The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees.	177	201
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 Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	(557)	(678)
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.	(88)	(54)
j)	**Share application money pending allotment** Share application money pending allotment consists of share application money to the extent not refundable.	2	-
	Total	**27,067**	**25,775**

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

10.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2018 was Rs 9.

The Board of Directors at its meeting held on April 18, 2018, declared an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each) and recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately Rs 593, inclusive of dividend distribution tax.

Non- current liabilities

11 Financial liabilities

11.1 Borrowings

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
(Unsecured)		
Other loan*	5	9
Total	**5**	**9**

*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 is repayable by June 2020. There is no default in the repayment of the principal loan and interest amounts.

12 Other non-current liabilities

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Other liabilities	79	85
Total	**79**	**85**

Current liabilities

13 Financial liabilities

13.1 Borrowings

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
(Unsecured)		
Loans from bank*	1,000	3,000
Total	**1,000**	**3,000**

*During the quarter, the Group has repaid Rs 2,000 towards the working capital loan of Rs 3,000 taken from HDFC Bank during the year ended March 31, 2018.

13.2 Other financial liabilities

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings*	5	11
Book overdraft	-	14
Unclaimed dividends	14	13
Employee benefits payable	1,455	1,754
Derivative liabilities	37	15
Total	**1,516**	**1,812**

* The details of interest rates, repayment and other terms are disclosed under note 11.1 and 13.1

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

14 Other current liabilities

Particulars	As at June 30, 2018	As at March 31, 2018
Unearned income	578	720
Statutory dues (including provident fund and tax deducted at source)	683	536
Advance from customers	140	385
Gratuity payable (net)*	168	141
Others	25	20
Total	**1,594**	**1,802**

* Refer note 20 for details of gratuity plan as per Ind AS 19.

Unearned income

Particulars	For the period ended		
	June 30, 2018	June 30, 2017	March 31, 2018
Balance at the beginning of the period	720	505	505
Invoiced during the period	2,277	1,933	8,280
Revenue recognized during the period	(2,419)	(1,841)	(8,065)
Balance at the end of the period	**578**	**597**	**720**

15 Provisions

Particulars	As at June 30, 2018	As at March 31, 2018
Provision for post contract support services	11	10
Provision for discount	532	534
Provision for foreseeable losses on contracts	20	6
Provision for compensated absences	717	582
Provision for disputed dues*	87	86
Total	**1,367**	**1,218**

*Represents disputed tax dues provided pursuant to unfavorable orders 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 revenue and are expected to be utilized within a period of one year.

Particulars	For the period ended		
	June 30, 2018	June 30, 2017	March 31, 2018
Balance at the beginning of the period	10	8	8
Provisions made during the period	1	-	2
Provision at the end of the period	**11**	**8**	**10**

Provision for discount

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

Particulars	For the period ended		
	June 30, 2018	June 30, 2017	March 31, 2018
Balance at the beginning of the period	534	414	414
Provisions made during the period	175	110	515
Utilisations during the period	(157)	(149)	(350)
Released during the period	(20)	(1)	(45)
Provision at the end of the period	**532**	**374**	**534**

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

Provision for foreseeable losses on contracts

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

Particulars	For the period ended		
	June 30, 2018	June 30, 2017	March 31, 2018
Balance at the beginning of the period	6	7	7
Provisions made during the period	14	55	91
Released during the period	-	-	(92)
Provision at the end of the period	**20**	**62**	**6**

Provision for disputed dues

Particulars	For the period ended		
	June 30, 2018	June 30, 2017	March 31, 2018
Balance at the beginning of the period	86	81	81
Provisions made during the period	1	1	5
Provision at the end of the period	**87**	**82**	**86**

16 Income tax

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

Particulars	For the quarter ended	
	June 30, 2018	June 30, 2017
Current income tax:		
In respect of the current period	647	385
Deferred tax		
In respect of the current period	(68)	(12)
Income tax expense reported in the statement of profit and loss	**579**	**373**
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	11	(1)
Total	**11**	**(1)**

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	
	June 30, 2018	June 30, 2017
Profit before tax	2,161	1,590
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	755	550
Effect of:		
Income exempt from tax	(210)	(346)
Temporary differences reversing during the tax holiday period	11	6
Expenses (net) that are not deductible in determining taxable profit	17	7
Different tax rates of branches/subsidiaries operating in other jurisdictions	38	63
Tax effect due to non-taxable income/expense for Indian tax purpose	(32)	17
Loss of foreign subsidiary	-	69
Others	-	7
Income tax expense recognised in the statement of profit and loss	**579**	**373**

The tax rates under Indian Income Tax Act, for the quarter ended June 30, 2018 and June 30, 2017 are 34.94% and 34.61% respectively.

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

Deferred tax

Deferred tax assets/(liabilities) as at June 30, 2018 in relation to:

Particulars	As at April 1, 2018	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at June 30, 2018
Property, plant and equipment	443	12	-	-	455
Provision for doubtful debts	19	4	-	-	23
Provision for compensated absence	228	12	-	-	240
Provision for volume discount	18	(6)	-	-	12
Intangible assets	(432)	8	-	-	(424)
Net gain on fair value of mutual funds	(82)	33	-	-	(49)
Others	65	5	-	-	70
MAT Credit entitlement/ (utilisation)	59	-	-	(59)	-
Total	**318**	**68**	**-**	**(59)**	**327**

Deferred tax assets/(liabilities) as at March 31, 2018 in relation to:

Particulars	As at April 1, 2017	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2018
Property, plant and equipment	326	117	-	-	443
Provision for doubtful debts	14	5	-	-	19
Provision for compensated absence	262	(34)	-	-	228
Provision for volume discount	42	(24)	-	-	18
Intangible assets	(239)	(193)	-	-	(432)
Net gain on fair value of mutual funds	(64)	(18)	-	-	(82)
Others	85	(20)	-	-	65
MAT Credit entitlement/ (utilisation)	198	-	-	(139)	59
Total	**624**	**(167)**	**-**	**(139)**	**318**

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

Particulars	As at April 1, 2017	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at June 30, 2017
Property, plant and equipment	326	28	-	-	354
Provision for doubtful debts	14	2	-	-	16
Provision for compensated absence	262	4	-	-	266
Provision for volume discount	42	(10)	-	-	32
Intangible assets	(239)	13	-	-	(226)
Net gain on fair value of mutual funds	(64)	(31)	-	-	(95)
Others	85	6	-	-	91
MAT Credit entitlement/ (utilisation)	198	-	-	(20)	178
Total	**624**	**12**	**-**	**(20)**	**616**

(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**	
	June 30, 2018	**March 31, 2018**
Unused tax losses(long term capital loss) which expire in:		
-FY 2018-19	159	159
-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	140	133
Loss of foreign subsidiary	261	261

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 100 percent Export Oriented Units, which were earlier entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961.

A 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 the 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 year 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 Revenue from operations

The nature of contract impacts the method of revenue recognition and the contracts are classified as Fixed-price contracts, Maintenance contracts and Time and materials contracts.

Revenue by contract type

Revenues	For the quarter ended June 30, 2018	For the quarter ended June 30, 2017
Fixed-price and Maintenance	56%	53%
Time and materials	44%	47%
Total	**100%**	**100%**

Refer note 37 for disaggregation of revenue by industry and geographical segments.

Transaction price allocated to the remaining performance obligations

Particulars	As at June 30, 2018	As at March 31, 2018
Within 1 year	20,284	17,268
1-3 years	17,274	24,702

The Group has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. The above revenue is subject to change in transaction price.

18 Other income

Particulars	For the quarter ended June 30, 2018	For the quarter ended June 30, 2017
Dividend income from investments in mutual funds	-	1
Net gain on financial assets designated at fair value through profit and loss	50	135
Interest income on financial asset at amortised cost	33	61
Foreign exchange gain/ (loss), net	191	19
Reversal of liability towards acquisition of business**	-	374
Others*	5	64
Total	**279**	**654**

* Includes net gain on disposal of property, plant and equipment for the quarter ended June 30, 2018 Rs 4. (For the quarter ended June 30, 2017 Rs 4). Also includes income from Government grants for the quarter ended June 30, 2018 Rs Nil. (For the quarter ended June 30, 2017 Rs 3)

** During the quarter ended June 30, 2017, the Group wrote back earn out payable towards acquisition of business to the erstwhile shareholders of one of the subsidiaries amounting to Rs 374.

19 Employee benefits expense

Particulars	For the quarter ended June 30, 2018	For the quarter ended June 30, 2017
Salaries and wages	9,605	7,814
Contribution to provident and other funds*	677	484
Expense on employee stock based compensation (Refer note 9)	39	47
Staff welfare expenses	74	48
Total	**10,395**	**8,393**

*includes contribution to defined contribution plans for the quarter ended June 30, 2018, Rs 644. (For the quarter ended June 30, 2017, Rs 456)

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

20 Gratuity

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

Particulars	For the quarter ended	
	June 30, 2018	June 30, 2017
Gratuity cost		
Service cost	31	26
Net interest on net defined liability/(asset)	2	2
Re-measurement - actuarial (gain)/loss recognised in OCI	45	(6)
Net gratuity cost	**78**	**22**
Assumptions		
Discount rate	8.00%	6.70%
Salary increase	5.00%	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.

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

Particulars	As at	
	June 30, 2018	March 31, 2018
Change in defined benefit obligations		
Obligations at the beginning of the quarter	705	591
Service cost	31	113
Interest cost	13	38
Benefits settled	(23)	(64)
Actuarial (gain)/loss - experience	39	57
Actuarial (gain)/loss – demographic assumptions	(16)	-
Actuarial (gain)/loss – financial assumptions	19	(30)
Obligations at the end of the quarter	**768**	**705**
Change in plan assets		
Plan assets at the beginning of the quarter, at fair value	564	500
Interest income on plan assets	11	35
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	(3)	5
Contributions	50	85
Benefits settled	(22)	(61)
Plan assets at the end of the quarter, at fair value	**600**	**564**

Historical information:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	(768)	(705)	(591)	(513)	(413)
Fair Value of Plan assets	600	564	500	375	395
Asset/ (liability) recognised	**(168)**	**(141)**	**(91)**	**(138)**	**(18)**

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

Particulars	As at	
	June 30, 2018	March 31, 2018
Experience adjustment on plan liabilities	42	27
Experience adjustment on plan assets	3	(5)

Sensitivity analysis

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

	As at June 30, 2018		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(43)	48	(33)	37
Future salary growth (1% movement)	49	(44)	37	(34)

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

Maturity profile of defined benefit obligation:

Particulars	**As at**	
	June 30, 2018	**March 31, 2018**
Within 1 year	99	116
1-2 years	111	119
2-3 years	134	135
3-4 years	150	150
4-5 years	168	159
5-10 years	962	771

The Group expects to contribute Rs 99 to its defined benefit plans during the next fiscal year.

As at June 30, 2018 and March 31, 2018 100% of the plan assets were invested in insurer managed funds.

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

21 Finance costs

Particulars	**For the quarter ended**	
	June 30, 2018	**June 30, 2017**
Interest expense on financial instruments designated at		
- Fair value through profit and loss	-	23
- Amortised cost	28	17
Total	**28**	**40**

22 Depreciation and amortization expense

Particulars	**For the quarter ended**	
	June 30, 2018	**June 30, 2017**
Depreciation on property, plant and equipment (Refer note 3)	286	321
Amortization of intangible assets (Refer note 4)	114	138
Total	**400**	**459**

23 Other expenses

Particulars	**For the quarter ended**	
	June 30, 2018	**June 30, 2017**
Travel expenses	695	747
Communication expenses	191	190
Sub-contractor charges	1,194	789
Computer consumables	214	201
Legal and professional charges	124	104
Power and fuel	82	87
Lease rentals (Refer note 28)	269	232
Repairs and maintenance		
- Buildings	22	11
- Machinery	14	11
Insurance	21	21
Rates and taxes	61	51
Other expenses	803	623
Total	**3,690**	**3,067**

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

24 Auditor's remuneration

Particulars	For the quarter ended June 30, 2018	For the quarter ended June 30, 2017
As auditor:		
Audit fee	5	4
Other services*	1	1
Reimbursement of expenses and levies	1	-
Total	**7**	**5**

* The above excludes Rs. 1 (June 30, 2017 : Rs. Nil), included under professional charges, representing payments made to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India.

25 Earnings per share (EPS)

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

Particulars	For the quarter ended			
	June 30, 2018		June 30, 2017	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	163,944,769	163,944,769	168,034,220	168,034,220
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	466,518	-	223,296
Weighted average number of equity shares for calculation of earnings per share	163,944,769	164,411,287	168,034,220	168,257,516

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

26 Government grants

a) 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.

b) The Group has claimed R&D tax relief under UK corporation tax rules. The Group 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	
	June 30, 2018	June 30, 2017
Grant towards R & D credit	5	12
Total	**5**	**12**

The grant recognized in the balance sheet is Rs 14 as at June 30, 2018 (As at March 31, 2018 is Rs 56).

27 Other Comprehensive Income (OCI)

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

During the quarter ended June 30, 2018				
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	-	-	(45)	(45)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	11	11
	-	**-**	**(34)**	**(34)**
B Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	121	-	121
Total	**-**	**121**	**(34)**	**87**

During the quarter ended June 30, 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	-	-	6	6
Gain/(loss) on equity instruments designated at FVTOCI	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(1)	(1)
	-	**-**	**5**	**5**
B Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	115	-	115
Total	**-**	**115**	**5**	**120**

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

28 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 June 30, 2018 amounted to Rs 71. (For the quarter ended June 30, 2017 amounted to Rs 107)

Particulars	**As at**	
	June 30, 2018	**March 31, 2018**
Payable – Not later than one year	243	258
Payable – Later than one year and not later than five years	602	593
Payable – Later than five years	329	351

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the quarter ended June 30, 2018 amounted to Rs 198. (For the quarter ended June 30, 2017 amounted to Rs 125)

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

29 Financial instruments

The carrying value and fair value of financial instruments by categories as at June 30, 2018 and March 31, 2018 is as follows:

Particulars	Carrying value		Fair value	
	June 30, 2018	March 31, 2018	June 30, 2018	March 31, 2018
Financial assets				
Amortised cost				
Loans	769	768	769	768
Trade receivable	12,115	10,155	12,115	10,155
Cash and cash equivalents	1,790	3,289	1,790	3,289
Other financial assets	2,626	3,080	2,626	3,080
Investment in term deposit (unquoted)	890	800	890	800
Investment in debt securities (quoted)	150	150	150	150
Investment in debt securities (unquoted)	104	-	104	-
Investment in commercial paper (unquoted)	240	188	240	188
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)	4,853	6,118	4,853	6,118
Derivative assets	2	1	2	1
Total assets	**23,547**	**24,557**	**23,547**	**24,557**
Financial liabilities				
Amortised cost				
Borrowings	1,010	3,014	1,010	3,014
Trade payables	2,179	1,710	2,179	1,710
Other financial liabilities	1,474	1,792	1,474	1,792
FVTPL				
Derivative liabilities	37	15	37	15
Total liabilities	**4,700**	**6,531**	**4,700**	**6,531**

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 Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at June 30, 2018 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 banks 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 June 30, 2018 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.

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

30 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at June 30, 2018 and March 31, 2018.

Quantitative disclosures of fair value measurement hierarchy for financial assets as at June 30, 2018:

			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 29 & 7.5):					
Foreign exchange forward contracts	June 30, 2018	2	-	2	-
FVTOCI financial assets designated at fair value (Notes 29 & 5.1):					
Investment in equity instruments (unquoted)	June 30, 2018	1	-	-	1
Investment in preference shares (unquoted)	June 30, 2018	7	-	-	7
FVTPL financial assets designated at fair value (Notes 29 & 7.1):					
Investment in mutual funds (quoted)	June 30, 2018	4,853	4,853	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 29 & 13.2):					
Foreign exchange forward contracts	June 30, 2018	37	-	37	-

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, 2018:

			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 29 & 7.5):					
Foreign exchange forward contracts	March 31, 2018	1	-	1	-
FVTOCI financial assets designated at fair value (Notes 29 & 5.1):					
Investment in equity instruments (unquoted)	March 31, 2018	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2018	7	-	-	7
FVTPL financial assets designated at fair value (Note 29 & 7.1):					
Investment in mutual funds (quoted)	March 31, 2018	6,118	6,118	-	-
Financial liabilities measured at fair value:					
Derivative financial liabilities (Notes 29 & 13.2):					
Foreign exchange forward contracts	March 31, 2017	15	-	15	-

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)

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

Particulars	**As at**	
	June 30, 2018	**March 31, 2018**
Opening balance	7	7
Remeasurement recognised in OCI	-	-
Purchases	-	-
Sales	-	-
Closing balance	**7**	**7**

Derivative financial 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**	
	June 30, 2018	**March 31, 2018**
Non-designated derivative instruments (Sell):		
in USD millions	36	36
in EUR millions	2	2
in GBP millions	1	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**	
	June 30, 2018	**March 31, 2018**
Non-designated derivative instruments (Sell)		
Not later than 1 month		
in USD millions	14	11
in EUR millions	1	1
in GBP millions	-	1
Later than 1 month but not later than 3 months		
in USD millions	22	25
in EUR millions	1	1
in GBP millions	1	2

31 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**	
	June 30, 2018	**June 30, 2017**
Revenue from top customer	3,158	1,978
Revenue from top 5 customers	5,275	3,874

One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2018, however none of the customers accounted for more than 10% of the receivables as at June 30, 2018. One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2017, however none of the customers accounted for more than 10% of the receivables as at June 30, 2017.

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 June 30, 2018**	**As at March 31, 2018**
Cash and cash equivalents	1,790	3,289
Investments in mutual funds (quoted)	4,853	6,118
Investments in non-convertible bonds (quoted)	100	100
Investments in non-convertible bonds (unquoted)	104	-
Investment in term deposit (unquoted)	890	800
Investment in commercial paper (unquoted)	240	188
Total	**7,977**	**10,495**

The table below provides details regarding the contractual maturities of significant financial liabilities as at June 30, 2018 and March 31, 2018:

Particulars	**As at June 30, 2018**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	1,005	5	-
Trade payables	2,179	-	-
Other financial liabilities	1,474	-	-
Derivative liabilities	37	-	-

Particulars	**As at March 31, 2018**		
	Less than 1 year	**1-2 years**	**2 years and above**
Borrowings	3,005	5	4
Trade payables	1,710	-	-
Other financial liabilities	1,792	-	-
Derivative liabilities	15	-	-

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 9 decrease and Rs 62 decrease in the Group's net profit as at June 30, 2018;
b) an approximately Rs 22 increase and Rs 18 decrease in the Group's net profit as at June 30, 2017

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

The following table presents foreign currency risk from non-derivative financial instruments as of June 30, 2018 and March 31, 2018.

As at June 30, 2018 — **Rs in million**

Particulars	**US $**	**Euro**	**Pound Sterling**	**Other currencies***	**Total**
Assets					
Trade receivables	8,322	1,404	1,473	492	11,691
Unbilled revenue	1,998	343	361	139	2,841
Cash and cash equivalents	590	171	262	509	1,532
Other assets	120	33	39	23	215
Liabilities					
Trade payables	1,011	48	275	160	1,494
Other liabilities	532	41	141	48	762
Net assets/liabilities	**9,487**	**1,862**	**1,719**	**955**	**14,023**

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

As at March 31, 2018 — **Rs in million**

Particulars	**US $**	**Euro**	**Pound Sterling**	**Other currencies***	**Total**
Assets					
Trade receivables	6,847	1,078	1,314	408	9,647
Unbilled revenue	1,757	294	483	161	2,695
Cash and cash equivalents	1,971	131	522	502	3,126
Other assets	92	42	45	22	201
Liabilities					
Trade payables	622	48	236	78	984
Other liabilities	713	50	340	33	1,136
Net assets/liabilities	**9,332**	**1,447**	**1,788**	**982**	**13,549**

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

For the quarter ended June 30, 2018, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.2%/ (0.2)% respectively. For the quarter ended June 30, 2017, the impact on operating margins would be 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.

32 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 June 30, 2018**	**As at March 31, 2018**
Total equity attributable to the equity share holders of the Group	28,707	27,414
As percentage of total capital	97%	90%
Current loans and borrowings	1,005	3,005
Non-current loans and borrowings	5	9
Total loans and borrowings	1,010	3,014
As a percentage of total capital	3%	10%
Total capital (borrowings and equity)	**29,717**	**30,428**

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)

33 Related party transaction

Name of related party	Nature of relationship
Mindtree Foundation	Entity with common key managerial person
Bridgeweave Limited	Entity with common key managerial person
NuvePro Technologies Private Limited*	Entity in which a key managerial person is a member
Amitav Bagchi	Relative of a key managerial person
Coffee Day Global Limited Tanglin Developments Limited ('TDL') Sical Logistics Limited	These entities are part of Coffee Day Group which through various entities and its promoters hold 20.44% equity stake in Mindtree (refer note 9(d)).

* Related party under The Companies Act, 2013.

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended June 30, 2018	For the quarter ended June 30, 2017
Mindtree Foundation	Donation paid	19	15
Bridgeweave Limited	Software services rendered	(5)	-
Coffee Day Global Limited	Procurement of supplies	5	3
	Software services rendered	13	(3)
Tanglin Developments Limited	Leasing office buildings and land	104	100
	Advance/ deposits paid/ (adjusted) towards electricity deposit/ charges	-	6
Amitav Bagchi	Professional services received	1	-

Balances payable to related parties are as follows:

Name of related party		As at June 30, 2018	As at March 31, 2018
Coffee Day Global Limited	Trade Payables	-	1

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at June 30, 2018	As at March 31, 2018
Coffee Day Global Limited	Trade receivables	51	36
Bridgeweave Limited	Trade receivables	-	6
Tanglin Developments Limited	Security deposit including electricity deposit returnable on termination of lease (non-current)	270	270

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

Key Managerial Personnel:

Krishnakumar Natarajan	Executive Chairman
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[1]	Independent Director
Prof. Pankaj Chandra[2]	Independent Director
Milind Sarwate	Independent Director
Akshaya Bhargava	Independent Director
Bijou Kurien[3]	Independent Director
V.G.Siddhartha[4]	Non-Executive Director
Jagannathan Chakravarthi	Chief Financial Officer
Vedavalli Sridharan	Company Secretary

[1] Resigned on April 18, 2018

[2] Retired on April 01, 2018

[3] The Nomination and Remuneration Committee and the Board of Directors of the Company have approved and recommended the appointment of Bijou Kurien, as Independent director of the Company for a term of three years from July 17, 2018 to July 16, 2021 and the shareholders have approved the same at the Nineteenth Annual General meeting of the Company held on July 17, 2018.

[4] Resigned on March 09, 2018

Transactions with key managerial personnel

Dividends paid to directors during the quarter ended June 30, 2018 amounts to Rs 29 and for the quarter ended June 30, 2017 amounts to Rs 45. Further, during the quarter ended June 30, 2018, 4,255 (June 30, 2017: 4,665) shares were allotted to the key management personnel.

Compensation of key managerial personnel of the Group

Particulars	For the quarter ended* June 30, 2018	For the quarter ended* June 30, 2017
Short-term employee benefits	34	20
Share-based payment transactions	19	1
Others	4	4
Total compensation paid to key managerial personnel	**57**	**25**

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

34 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, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, 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 556 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 Group'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 Group 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 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 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 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 year ended March 31, 2018, 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)

35 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2018 is Rs 392. (As at March 31, 2018: Rs 450)

36 The Board of Directors at its meeting held on October 06, 2017, had 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 previous year, the Company had 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.

37 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, Hi-tech and TH. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

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

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

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" and directly charged against total income.

CODM does not review assets and liabilities at reportable segments level, hence segment disclosure relating to total assets and liabilities has not been provided. Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognized.

Industry Segments:

Statement of income	**For quarter ended June 30,**	
	2018	**2017**
Segment revenue from external customers		
RCM	3,782	2,919
BFSI	3,655	3,235
Hi-tech	6,370	4,891
TH	2,588	1,850
Total	**16,395**	**12,895**
Segment operating income		
RCM	615	189
BFSI	121	293
Hi-tech	1,264	760
TH	310	193
Total	**2,310**	**1,435**
Depreciation and Amortization expense	(400)	(459)
Profit for the period before finance expenses, other income and tax	**1,910**	**976**
Finance costs	(28)	(40)
Other income	55	574
Interest income	33	61
Foreign exchange gain/ (loss)	191	19
Net profit before taxes	**2,161**	**1,590**
Income taxes	(579)	(373)
Net profit after taxes	**1,582**	**1,217**

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

Other information	**For quarter ended June 30,**	
	2018	**2017**
Other significant non-cash expense (Allocable)		
RCM	15	39
BFSI	4	-
Hi-tech	9	9
TH	23	12

Geographical information

	For quarter ended June 30,	
Revenues	**2018**	**2017**
America	11,919	8,972
Europe	3,292	2,716
India	504	388
Rest of world	680	819
Total	**16,395**	**12,895**

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. 31 on Financial risk management for information on revenue from major customers.

38 Total of expenditure incurred on Corporate Social Responsibility activities during the quarter ended June 30, 2018 is Rs 42. (during the quarter ended June 30, 2017 is Rs 32)

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

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

V. Balaji
Partner
Membership Number: 203685

N. Krishnakumar
Chairman

Rostow Ravanan
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : July 18, 2018

Place: Bengaluru
Date : July 18, 2018