

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(Rupees in millions, except share data)

	Note	As at September 30, 2018	As at March 31, 2018
Assets			
Goodwill	5b	4,732	4,539
Property, plant and equipment	4	3,594	3,601
Intangible assets	5a	1,392	1,520
Investments	6	108	58
Deferred tax assets	18	405	318
Non-current tax assets		1,400	1,336
Other non-current assets	9	853	962
Total non-current assets		12,484	12,334
Trade receivables	7	12,983	10,155
Other current assets	9	1,521	1,589
Unbilled revenues		3,283	2,791
Investments	6	6,224	7,206
Derivative assets		3	1
Cash and cash equivalents	8	1,745	3,289
Total current assets		25,759	25,031
Total assets		38,243	37,365
Equity			
Share capital		1,642	1,639
Share premium		122	8
Retained earnings		27,765	25,344
Other components of equity		807	427
Equity attributable to owners of the Company		30,336	27,418
Total equity		30,336	27,418
Liabilities			
Loans and borrowings	13	5	9
Other non-current liabilities	16	87	85
Total non-current liabilities		92	94
Loans and borrowings	13	5	3,005
Trade payables and accrued expenses	14	2,073	1,710
Unearned revenue	15	492	720
Current tax liabilities		744	315
Derivative liabilities		70	15
Employee benefit obligations	17	938	723
Other current liabilities	16	2,716	2,729
Provisions	16	777	636
Total current liabilities		7,815	9,853
Total liabilities		7,907	9,947
Total equity and liabilities		38,243	37,365

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	Three months ended September 30,		(Rupees in millions, except share data) Six months ended September 30,	
		2018	2017	2018	2017
Revenues	19	17,554	13,316	33,949	26,211
Cost of revenues	21	(12,010)	(9,508)	(23,209)	(18,895)
Gross profit		5,544	3,808	10,740	7,316
Selling, general and administrative expenses	21	(3,248)	(2,718)	(6,534)	(5,247)
Results from operating activities		2,296	1,090	4,206	2,069
Foreign exchange gain/(loss)		403	120	594	139
Finance expenses		(1)	(25)	(29)	(65)
Finance and other income	20	121	475	209	1,107
Profit before tax		2,819	1,660	4,980	3,250
Income tax expense	18	(756)	(413)	(1,335)	(786)
Profit for the period		2,063	1,247	3,645	2,464
Attributable to:					
Owners of the Company		2,063	1,247	3,645	2,464
Non-controlling interests		-	-	-	-
		2,063	1,247	3,645	2,464
Earnings per equity share:	23				
Equity shares of par value Rs 10 each					
Basic (Rs)		12.57	7.46	22.22	14.70
Diluted (Rs)		12.55	7.44	22.18	14.67
Weighted average number of equity shares used in computing earnings per equity share:					
Basic		164,135,864	167,250,538	164,040,839	167,640,238
Diluted		164,477,118	167,565,911	164,379,886	167,955,819

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Three months ended September 30,		(Rupees in millions, except share data) Six months ended September 30,	
	2018	2017	2018	2017
Profit for the period	2,063	1,247	3,645	2,464
Other comprehensive income, net of taxes				
Items that will not be reclassified to profit or loss				
- Defined benefit plan actuarial gains/ (losses)	(3)	(26)	(37)	(21)
Items that may be reclassified subsequently to profit or loss				
- Foreign currency translation difference relating to foreign operations	139	32	260	147
Total other comprehensive income, net of taxes	<u>136</u>	<u>6</u>	<u>223</u>	<u>126</u>
Total comprehensive income for the period	<u>2,199</u>	<u>1,253</u>	<u>3,868</u>	<u>2,590</u>
Attributable to:				
Owners of the Company	2,199	1,253	3,868	2,590
Non-controlling interests	-	-	-	-
	<u>2,199</u>	<u>1,253</u>	<u>3,868</u>	<u>2,590</u>

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MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Other components of equity					Equity attributable to owners of the Company	Total equity
					Share based payment reserve	Special Economic Zone reinvestment reserve	Capital redemption reserve	Other reserves	Foreign Currency Translation Reserve		
Balance as at April 1, 2017	168,025,546	1,680	1,444	23,308	51	-	-	116	(824)	25,775	25,775
Issue of equity shares on exercise of options/ restricted shares	97,340	1	-	-	-	-	-	-	-	1	1
Profit for the period	-	-	-	2,464	-	-	-	-	-	2,464	2,464
Other comprehensive income	-	-	-	-	-	-	-	(21)	-	(21)	(21)
Created during the period	-	-	-	(632)	-	590	42	-	-	-	-
Utilised during the period	-	-	-	149	-	(149)	-	-	-	-	-
Buyback of equity shares (Refer note 11)	(4,224,000)	(42)	(1,481)	(1,117)	-	-	-	-	-	(2,640)	(2,640)
Transferred to securities premium reserve	-	-	37	-	(37)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	93	-	-	-	-	93	93
Cash dividend paid (including dividend tax thereon)	-	-	-	(607)	-	-	-	-	-	(607)	(607)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	147	147	147
As at September 30, 2017	163,898,886	1,639	-	23,565	107	441	42	95	(677)	25,212	25,212
Balance as at April 1, 2017	168,025,546	1,680	1,444	23,308	51	-	-	116	(824)	25,775	25,775
Issue of equity shares on exercise of options/ restricted shares	124,765	1	-	-	-	-	-	-	-	1	1
Profit for the year	-	-	-	5,701	-	-	-	-	-	5,701	5,701
Other comprehensive income	-	-	-	-	-	-	-	(18)	-	(18)	(18)
Created during the year	-	-	-	(1,265)	-	1,223	42	-	-	-	-
Utilised during the year	-	-	-	459	-	(459)	-	-	-	-	-
Buyback of equity shares (refer note 11)	(4,224,000)	(42)	(1,481)	(1,117)	-	-	-	-	-	(2,640)	(2,640)
Transferred to securities premium reserve	-	-	45	-	(45)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	195	-	-	-	-	195	195
Cash dividend paid (including dividend tax thereon)	-	-	-	(1,742)	-	-	-	-	-	(1,742)	(1,742)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	146	146	146
As at March 31, 2018	163,926,311	1,639	8	25,344	201	764	42	98	(678)	27,418	27,418
Balance as at April 1, 2018	163,926,311	1,639	8	25,344	201	764	42	98	(678)	27,418	27,418
Issue of equity shares on exercise of options/ restricted shares	263,060	3	-	-	-	-	-	-	-	3	3
Profit for the period	-	-	-	3,645	-	-	-	-	-	3,645	3,645
Other comprehensive income	-	-	-	-	-	-	-	(37)	-	(37)	(37)
Created during the period	-	-	-	(622)	-	622	-	-	-	-	-
Utilised during the period	-	-	-	393	-	(393)	-	-	-	-	-
Transferred to securities premium reserve	-	-	114	-	(114)	-	-	-	-	-	-
Compensation cost related to employee share based payment transaction	-	-	-	-	42	-	-	-	-	42	42
Cash dividend paid (including dividend tax thereon) (refer note 10.a)	-	-	-	(995)	-	-	-	-	-	(995)	(995)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	260	260	260
As at September 30, 2018	164,189,371	1,642	122	27,765	129	993	42	61	(418)	30,336	30,336

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Rupees in millions, except share data)

	Six months ended September 30,	
	2018	2017
Cash flow from operating activities		
Profit for the period	3,645	2,464
Adjustments for :		
Depreciation of property, plant and equipment	574	635
Amortisation of intangibles	229	273
Amortization of stock compensation	42	93
Allowance for expected credit losses	93	-
Finance expenses	29	65
Income tax expense	1,335	786
Interest / dividend income	(65)	(78)
Loss/ (gain) on sale of property, plant and equipment	(9)	(5)
Net gain on financial assets designated at fair value through profit and loss	(124)	(262)
Reversal of liability towards acquisition of businesses recognised in the statement of profit and loss	-	(677)
Unrealised exchange difference on liability towards acquisition of businesses	-	25
Unrealised exchange difference on derivatives	53	59
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(136)	(8)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(2,921)	(254)
Unbilled revenues	(492)	(1,147)
Other assets	155	333
Trade payables and accrued expenses	434	34
Unearned revenues	(228)	188
Other liabilities	303	318
Net cash provided by operating activities before taxes	<u>2,917</u>	<u>2,842</u>
Income taxes paid (net of refunds)	<u>(1,046)</u>	<u>(739)</u>
Net cash provided by operating activities	<u>1,871</u>	<u>2,103</u>
Cash flow from investing activities		
Expenditure on property, plant and equipment	(648)	(521)
Proceeds from sale of property, plant and equipment	24	8
Payment of deferred consideration liabilities	-	(164)
Interest income received from Investments	29	32
Dividend income received	-	1
Purchase of Investments	(7,754)	(4,241)
Proceeds from sale of investments	<u>8,829</u>	<u>2,592</u>
Net cash (used in)/provided by investing activities	<u>480</u>	<u>(2,293)</u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	3	1
Proceeds from share application money pending allotment	-	(2,640)
Finance expenses	(40)	(2)
Repayment of long-term borrowings	(4)	(4)
Repayment of short-term borrowings	(3,000)	(36)
Proceeds from short-term borrowings	-	1,500
Dividends paid (including distribution tax)	<u>(993)</u>	<u>(1,009)</u>
Net cash (used in) financing activities	<u>(4,034)</u>	<u>(2,190)</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	136	16
Net (decrease) in cash and cash equivalents	(1,547)	(2,364)
Cash and cash equivalents at the beginning of the period	<u>3,275</u>	<u>2,508</u>
Cash and cash equivalents at the end of the period (Note 8)	<u>1,728</u>	<u>144</u>

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

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

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shanghai) Co. Ltd, Bluefin Solutions Limited, Bluefin Solutions Sdn Bhd., and Magnet 360, LLC 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), 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, Mexico 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 October 17, 2018.

2. Basis of preparation of financial statements

(a) Statement of compliance

The consolidated interim financial statements (the 'financial statements') as at and for the three and six months ended September 30, 2018 have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" with the date of initial application being April 1, 2018. IFRS 15 establishes a comprehensive framework on revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts. The application of IFRS 15 "Revenue from Contracts with Customers" did not have material impact on the financial statements.

IFRIC 22, Foreign currency transactions and advance consideration: On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board (IASB) issued IFRS interpretation, IFRIC 22, Foreign Currency Transactions and Advance Consideration which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

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

(b) Basis of measurement

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

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

(c) Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest million except share and per share data.

(d) Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the 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. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

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

Mindtree Limited and Subsidiaries

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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 18.

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

3. Significant accounting policies

(i) Basis of consolidation

Subsidiaries

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

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

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

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

(ii) Functional and presentation currency

Items included in the 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 financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(iii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and reported within foreign exchange gains/ (losses). Also, refer note 2 (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 or loss.

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

(iv) Financial instruments

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

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

Mindtree Limited and Subsidiaries

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

(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 bank overdrafts that are repayable on demand and are considered part of the Group's cash management system.

(ii) Debt instruments at FVTOCI

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

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

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in

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statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned is recognised under the effective interest rate (EIR) model.

(iii) Equity instruments at FVTOCI

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

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

(iv) Financial assets at FVTPL

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

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

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

b) Non-derivative financial liabilities

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

(ii) Financial liabilities at FVTPL: Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the consolidated statement of profit or loss

c) Derivative financial instruments

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

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

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

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

(v) Property, plant and equipment

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

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

Category	Useful life
Buildings	5 to 30 years
Computer systems	2 to 3 years
Furniture, fixtures and equipment	3 to 7 years
Vehicles	4 years

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

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

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.

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

(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 immediately in the statements of profit or loss.

b) Intangible assets

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

The estimated useful lives of 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 relationship	5 to 10 years
Trade name	10 years
Technology	10 years
Non-compete agreement	5 years

IFRS 3 'Business Combinations' 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,

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whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit or loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(viii) Impairment

a) *Financial assets*

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

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

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

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

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

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

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(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

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

b) Gratuity

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

c) Compensated absences

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

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absences occur. The Group recognizes actuarial gains and losses immediately in the statement of profit or loss.

(x) Share based payment transactions

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

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

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

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

(xi) Provisions

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

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

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

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

(xii) Revenue

The Group derives revenue primarily from software development and related services. 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

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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 statement of profit or loss in the period in which such losses become probable based on the current contract estimates.

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

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

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract. 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 IFRS 15, ‘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 IFRS 15.

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.

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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 statement of profit or loss, using the effective interest method.

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

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

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

(xv) Income taxes

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

a) Current income tax

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

b) Deferred income tax

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

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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 year.

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

(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.

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

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

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New standards and interpretations not yet adopted

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

b) **IFRIC 23, Uncertainty over Income Tax Treatments:** On June 7, 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, Income Taxes. The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is currently evaluating the effect of IFRIC 23 on the financial statements.

c) **Amendment to IAS 19 – plan amendment, curtailment or settlement-** On February 7, 2018, the IASB issued amendments to the guidance in IAS 19, ‘Employee Benefits’, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- i) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- ii) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after January 1, 2019, though early application is permitted. The Group is evaluating the effect of this amendment on the financial statements.

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4. Property, plant and equipment

Particulars	Land	Buildings	Computer systems	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2017	84	2,490	3,034	4,287	29	9,924
Additions	-	5	121	84	-	210
Disposal/Adjustments	-	6	155	10	2	173
Translation Adjustment Loss/(Gain)	-	-	(2)	-	-	(2)
As at September 30, 2017	84	2,489	3,002	4,361	27	9,963
Accumulated depreciation/impairment:						
As at April 1, 2017	8	560	2,436	3,099	22	6,125
Depreciation	-	114	269	250	2	635
Disposal/Adjustments	-	6	153	12	2	173
Translation Adjustment Loss/(Gain)	-	-	(2)	-	-	(2)
As at September 30, 2017	8	668	2,554	3,337	22	6,589
Capital work-in-progress						298
Net carrying value as at September 30, 2017	76	1,821	448	1,024	5	3,672
Gross carrying value:						
As at April 1, 2017	84	2,490	3,034	4,287	29	9,924
Additions	-	322	354	242	-	918
Disposal/Adjustments	-	26	202	32	2	262
Translation Adjustment Loss/(Gain)	-	-	(3)	(1)	-	(4)
As at March 31, 2018	84	2,786	3,189	4,498	27	10,584
Accumulated depreciation/impairment:						
As at April 1, 2017	8	560	2,436	3,099	22	6,125
Depreciation	1	231	491	477	5	1,205
Disposal/Adjustments	-	26	199	32	2	259
Translation Adjustment Loss/(Gain)	-	-	(3)	(1)	-	(4)
As at March 31, 2018	9	765	2,731	3,545	25	7,075
Capital work-in-progress						92
Net carrying value as at March 31, 2018	75	2,021	458	953	2	3,601
Gross carrying value:						
As at April 1, 2018	84	2,786	3,189	4,498	27	10,584
Additions	-	35	314	76	-	425
Disposal/Adjustments	-	-	97	25	-	122
Translation Adjustment Loss/(Gain)	-	-	(7)	(9)	-	(16)
As at September 30, 2018	84	2,821	3,413	4,558	27	10,903
Accumulated depreciation/impairment:						
As at April 1, 2018	9	765	2,731	3,545	25	7,075
Depreciation	-	127	235	210	2	574
Disposal/adjustments	-	-	97	10	-	107
Translation Adjustment Loss/(Gain)	-	-	(6)	(6)	-	(12)
As at September 30, 2018	9	892	2,875	3,751	27	7,554
Capital work-in-progress						245
Net carrying value as at September 30, 2018	75	1,929	538	807	-	3,594

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The depreciation expense for the period ended September 30, 2018 and September 30, 2017 is included in the following line items in the statement of profit or loss.

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Cost of revenues	265	292	528	584
Selling, general and administrative expenses	23	25	46	51
Total	288	317	574	635

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5. Intangible assets and Goodwill
a. Intangible assets

Particulars	Intellectual property	Computer software	Business Alliance Relationships	Customer Relationships	Non compete agreement	Vendor Relationship	Tradenname	Technology	Total Intangible Assets
Gross carrying value:									
As at April 1, 2017	67	1,059	71	1,262	53	681	286	262	3,741
Additions	-	8	-	-	-	-	-	-	8
Disposal/Adjustments	-	3	-	-	-	-	-	-	3
Translation Adjustment Loss/(Gain)	-	(1)	-	(30)	(1)	(10)	(7)	-	(49)
As at September 30, 2017	67	1,065	71	1,292	54	691	293	262	3,795
Accumulated amortisation/impairment:									
As at April 1, 2017	66	1,006	39	449	18	131	45	46	1,800
Amortisation	-	28	9	153	5	49	16	13	273
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	(2)	-	(1)	-	-	(3)
As at September 30, 2017	66	1,034	48	604	23	181	61	59	2,076
Net carrying value as at September 30, 2017	1	31	23	688	31	510	232	203	1,719
Gross carrying value:									
As at April 1, 2017	67	1,059	71	1,262	53	681	286	262	3,741
Additions	-	35	-	-	-	-	-	-	35
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	(30)	-	(9)	(6)	-	(45)
As at March 31, 2018	67	1,094	71	1,292	53	690	292	262	3,821
Accumulated amortisation/impairment:									
As at April 1, 2017	66	1,006	39	449	18	131	45	46	1,800
Amortisation	-	46	18	276	11	93	30	26	500
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	-	-	(1)	-	-	-	-	(1)
As at March 31, 2018	66	1,052	57	726	29	224	75	72	2,301
Net carrying value as at March 31, 2018	1	42	14	566	24	466	217	190	1,520
Gross carrying value:									
As at April 1, 2018	67	1,094	71	1,292	53	690	292	262	3,821
Additions	-	31	-	-	-	-	-	-	31
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	(1)	-	(37)	(3)	(56)	(14)	-	(111)
As at September 30, 2018	67	1,126	71	1,329	56	746	306	262	3,963
Accumulated amortisation/impairment:									
As at April 1, 2018	66	1,052	57	726	29	224	75	72	2,301
Amortisation	-	23	9	119	5	45	15	13	229
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
Translation Adjustment Loss/(Gain)	-	(1)	-	(20)	(2)	(14)	(4)	-	(41)
As at September 30, 2018	66	1,076	66	865	36	283	94	85	2,571
Net carrying value as at September 30, 2018	1	50	5	464	20	463	212	177	1,392
Estimated useful life (in years)	5.00	2 - 3	4	3 - 5	5	5 - 10	10	10	
Estimated remaining useful life (in years)	-	0.44 - 1.89	0.5	1.75	1.5 - 1.75	1.75 - 7.25	6.75 - 7.25	6.75	

The aggregate amount of research and development expense recognized in the statement of profit or loss for the three and six months ended September 30, 2018 is Rs 136 and Rs 250 respectively (for the three and six months ended September 30, 2017 is Rs 100 and Rs 217 respectively).

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The amortisation expense for the period ended September 30, 2018 and September 30, 2017 is included in the following line items in the statement of profit or loss.

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Cost of revenues	106	124	211	251
Selling, general and administrative expenses	9	11	18	22
Total	115	135	229	273

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b. Goodwill

Particulars	As at September 30, 2018	As at March 31, 2018
Balance at the beginning of the period	4,539	4,470
Translation Adjustment Loss/(Gain)	(193)	(69)
Balance at the end of the period	4,732	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
Hi-tech	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 Group. These estimates are likely to differ from future actual results of operations and cash flows.

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6. Investments

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

Cost and fair value of the above are as follows:

As at September 30, 2018 and March 31, 2018

Particulars	As at September 30, 2018	As at March 31, 2018
Non-current		
Investment in non-convertible bonds, unlisted equity securities and unlisted preference shares		
Cost	109	59
Gross unrealised holding gains/(losses)	(1)	(1)
Fair value	108	58
Current		
Investment in non-convertible bonds, term deposits, liquid, short-term mutual funds and commercial paper		
Cost	6,076	6,970
Gross unrealised holding gains/(losses)	148	236
Fair value	6,224	7,206
Total Investments	6,332	7,264

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7. Trade receivables

Particulars	As at	As at
	September 30, 2018	March 31, 2018
Trade receivables	13,195	10,274
Allowance for expected credit losses	(212)	(119)
Total	12,983	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 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. 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	Six months ended,	
	September 30, 2018	September 30, 2017
Balance at the beginning of the period	119	106
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	93	22
Provision at the end of the period	212	128

Particulars	Three months ended,	
	September 30, 2018	September 30, 2017
Balance at the beginning of the period	156	105
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	56	23
Provision at the end of the period	212	128

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8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at September 30, 2018	As at March 31, 2018
Cash balances	-	-
Current and time deposits with banks #	1,745	3,289
Cash and cash equivalents in the interim statement of financial position	1,745	3,289
Book overdrafts used for cash management purposes (Refer note 16)	(17)	(14)
Cash and cash equivalents in the statement of cash flows	1,728	3,275

#Balance with banks amounting to Rs 15 and Rs 13 as of September 30, 2018 and March 31, 2018 respectively includes unpaid dividends and dividend payable.

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

9. Other assets

Particulars	As at September 30, 2018	As at March 31, 2018
Non-current		
Capital advances	38	70
Security deposits*	678	751
Prepaid expenses	119	125
Service tax credit receivable	11	11
Others	7	5
	853	962
Current		
Prepaid expenses	554	812
Advance to employees (net of provision for doubtful advances to employees)**	303	264
Advance to suppliers	129	43
Interest accrued and not due	38	25
Security deposits**	122	17
Others	375	428
	1,521	1,589
Total	2,374	2,551

*Includes deposits to related parties Rs 175 as at September 30, 2018 (As at March 31, 2018: Rs 270). Refer note 27 for related party balances.

** Includes deposits to related parties Rs 95 as at September 30, 2018 (As at March 31, 2018: Rs Nil). Refer note 27 for related party balances.

*** Provision for doubtful advances to employees as at September 30, 2018 Rs 11 (As at March 31, 2018: Rs 9)

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10. Equity

a) Share capital and share premium

The Group has only one class of equity shares. The authorized share capital of the Group is 800,000,000 equity shares of Rs 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of the par value is classified as share premium.

The issued, subscribed and paid-up capital of the Group is 164,189,371 equity shares of Rs 10 each amounting to Rs 1,642.

The Group has only one class of shares referred to as equity shares having a par value of Rs 10.

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

The Group declares and pays dividends in Indian rupees and foreign currency. A final dividend, including tax thereon, on common stock is recorded as a liability on the date of approval by the shareholders.

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

An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

Indian law mandates that any dividend be declared out of distributable profits only. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the period ended September 30, 2018 and year ended March 31, 2018 was Rs 5 and Rs 9 respectively.

The Board of Directors at its meeting held on April 18, 2018 had recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The proposal was approved by the shareholders at the Annual General Meeting held on July 17, 2018. This resulted in a cash outflow of approximately Rs 593 inclusive of dividend distribution tax of Rs 101.

The Board of Directors at its meeting held on October 17, 2018 have declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each).

b) Retained earnings

Retained earnings comprises of undistributed earnings. A portion of these earnings amounting to Rs 87 is not freely available for distribution.

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c) Share based payment reserve

The share based payment reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in share based payment reserve are transferred to share premium upon exercise of stock options by employees.

d) Special Economic Zone reinvestment reserve

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

e) Capital redemption reserve

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

f) Other reserve

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

g) Foreign currency translation reserve

Exchange difference relating to the translation of the results and net assets of the company's foreign operations from their functional currencies to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

h) Share application money pending allotment

Share application money pending allotment consists of share application money to the extent not refundable.

11. In the period of five years immediately preceding September 30, 2018:

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

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The buyback and creation of capital redemption reserve was effected by utilizing the share premium and free reserves.

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

12. Employee stock incentive plans

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

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at September 30, 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	Three months ended September 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	-	-	1,400	12.50
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
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

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Particulars	Six months ended September 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 September 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 September 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	Three months ended September 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	-	-	145,456	105.88
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

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Particulars	Six months ended September 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	-	-	145,456	105.88
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

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 September 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 September 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.

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Particulars	Three months ended September 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	169,745	10.00	26,025	10.00
Granted during the period	-	-	-	-
Exercised during the period	169,745	10.00	-	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	-	-	26,025	10.00
Shares vested and exercisable, end of the period	-	-	26,025	10.00

Particulars	Six months ended September 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	263,060	10.00	97,060	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	-	-	26,025	10.00
Shares vested and exercisable, end of the period	-	-	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 September 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	1-Apr-18
Price per share/ unit	Grant price of Rs 772

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Particulars	ERSP 2012 Plan**
Outstanding units/shares as at the beginning of the period	658,000
Number of units/shares granted during the period under letters of intent issued	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*	14-Apr-17, 26-Jul-17, 23-Aug-17, 20-Apr-18
Price per share/ unit*	Exercise price of Rs 10

*Based on Letter of Intent

**Excludes direct allotment of shares

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the period was Rs 979.9 using the Black-Scholes model with the following assumptions:

Particulars	As at September 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%

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13. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at September 30, 2018	As at March 31, 2018
Non-current		
Unsecured long-term loan and borrowings*	5	9
	5	9
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Unsecured bank loans**	-	3,000
	5	3,005
Total	10	3,014

*Unsecured long term borrowings represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under “Development of Intelligent Video Surveillance Server (IVSS) system”.

The Unsecured long term borrowings is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments commencing from June 2011. 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.

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

14. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at September 30, 2018	As at March 31, 2018
Trade payables	384	451
Accrued expenses	1,689	1,259
Total	2,073	1,710

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Particulars	Three months ended September 30,		Six months ended September 30,		March 31,
	2018	2017	2018	2017	2018
Balance at the beginning of the period	578	597	720	505	505
Invoiced during the period	2,937	2,354	5,214	4,287	8,280
Revenue recognized during the period	(3,023)	(2,258)	(5,442)	(4,099)	(8,065)
Balance at the end of the period	492	693	492	693	720

16. Other liabilities and provisions

Particulars	As at	As at
	September 30, 2018	March 31, 2018
Non-current		
Others	87	85
	87	85
Current		
Book Overdraft	17	14
Advances from customers	63	385
Employee and other liabilities	1,828	1,648
Statutory dues payable	561	513
Other liabilities	247	169
	2,716	2,729
Total	2,803	2,814
Current Provisions		
Provision for discount	674	534
Provision for disputed dues*	88	86
Provision for post contract support services	9	10
Provision for foreseeable losses on contracts	6	6
Total	777	636

Note:

*Represents disputed tax dues provided pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with the relevant authority. In respect of the provisions of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the disclosures required have not been provided pursuant to the limited exemption provided under paragraph 92 of IAS 37.

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

Particulars	Three months ended		Six months ended		For the year ended
	September 30, 2018	2017	September 30, 2018	2017	March 31, 2018
Balance at the beginning of the period	532	374	534	414	414
Provisions made during the period	193	156	368	266	515
Utilisations during the period	(35)	(101)	(192)	(250)	(350)
Released during the period	(16)	(2)	(36)	(3)	(45)
Provision at the end of the period	674	427	674	427	534

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	Three months ended		Six months ended		For the year ended
	September 30, 2018	2017	September 30, 2018	2017	March 31, 2018
Balance at the beginning of the period	11	8	10	8	8
Provisions made during the period	-	1	1	1	2
Released during the period	(2)	-	(2)	-	-
Provision at the end of the period	9	9	9	9	10

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Provision for disputed dues

Particulars	Three months ended		Six months ended		For the year ended March 31, 2018
	September 30, 2018	2017	September 30, 2018	2017	
Balance at the beginning of the period	87	82	86	81	81
Provisions made during the period	1	1	2	2	5
Provision at the end of the period	88	83	88	83	86

Provision for foreseeable losses on contracts

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

Particulars	Three months ended		Six months ended		For the year ended March 31, 2018
	September 30, 2018	2017	September 30, 2018	2017	
Balance at the beginning of the period	20	62	6	7	7
Provisions made during the period	8	3	22	58	91
Released during the period	(22)	(53)	(22)	(53)	(92)
Provision at the end of the period	6	12	6	12	6

17. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at	As at
	September 30, 2018	March 31, 2018
Gratuity (net)	128	141
Compensated absences	810	582
Total	938	723

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18. Income tax expense

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Current taxes				
In respect of the current period	834	455	1,481	840
Deferred taxes				
In respect of the current period	(78)	(42)	(146)	(54)
Grand total	756	413	1,335	786

Income tax expense has been allocated as follows:

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Income tax expense as per the statement of profit or loss	756	413	1,335	786
Income tax included in other comprehensive income on:				
- Net loss/ (gain) on remeasurement of defined benefit plan	-	6	11	5
	-	6	11	5
Total	756	419	1,346	791

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

Particulars	Six months ended September 30,	
	2018	2017
Profit before tax	4,980	3,250
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	1,740	1,125
Effect of:		
Income exempt from tax	(541)	(672)
Temporary differences reversing during the tax holiday period	38	10
Expenses (net) that are not deductible in determining taxable profit	38	14
Different tax rates of branches operating in other jurisdictions	96	168
Income subject to different tax rates	-	67
Tax effect due to non-taxable income/expense	(36)	5
Loss of foreign subsidiary	-	90
Others	-	(21)
Income tax expense recognised in the statement of profit or loss	1,335	786

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Particulars	Three months ended September 30,	
	2018	2017
Profit before tax	2,819	1,660
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	985	575
Effect of:		
Income exempt from tax	(331)	(326)
Temporary differences reversing during the tax holiday period	27	4
Expenses (net) that are not deductible in determining taxable profit	21	7
Different tax rates of branches operating in other jurisdictions	58	105
Income subject to different tax rates	-	67
Tax effect due to non-taxable income/expense	(4)	(12)
Loss of foreign subsidiary	-	21
Others	-	(28)
Income tax expense recognised in the statement of profit or loss	756	413

The tax rates under Indian Income Tax Act, for the period ended September 30, 2018 and September 30, 2017 is 34.94% and 34.61% respectively.

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

Particulars	As at	As at
	September 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	320	323

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The components of deferred tax assets are as follows:

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

Particulars	As at April 1, 2018	Recognised in			As at September 30, 2018
		Recognised in profit and loss	Other Comprehensive Income	Others	
Property, plant and equipment	443	25	-	-	468
Provision for doubtful debts	19	16	-	-	35
Provision for compensated absences	228	53	-	-	281
Intangible assets	(432)	17	-	-	(415)
Others	83	4	-	-	87
Net gain on fair value of mutual funds	(82)	31	-	-	(51)
MAT Credit entitlement/(utilisation)	59	-	-	(59)	-
Total	318	146	-	(59)	405

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

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

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

Particulars	As at April 1, 2017	Recognised in			As at March 31, 2018
		Recognised in profit and loss	Other Comprehensive Income	Others	
Property, plant and equipment	326	117	-	-	443
Provision for doubtful debts	14	5	-	-	19
Provision for compensated absences	262	(34)	-	-	228
Intangible assets	(239)	(193)	-	-	(432)
Others	127	(44)	-	-	83
Net gain on fair value of mutual funds	(64)	(18)	-	-	(82)
MAT Credit entitlement/(utilisation)	198	-	-	(139)	59
Total	624	(167)	-	(139)	318

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

The Group has units at Bengaluru, Hyderabad, Chennai and Bhubaneswar 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 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 the foreign jurisdictions due to operation of its foreign branches and subsidiaries.

Mindtree Limited and Subsidiaries**Notes to the consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****19. Revenues**

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	Six months ended September 30,	
	2018	2017
Fixed-price and Maintenance	56%	54%
Time and materials	44%	46%
Total	100%	100%

Revenues	Three months ended September 30,	
	2018	2017
Fixed-price and Maintenance	56%	56%
Time and materials	44%	44%
Total	100%	100%

Refer note 30 for disaggregation of revenue by industry and geographical segments.

Transaction price allocated to the remaining performance obligations

Particulars	As at September 30, As at March 31,	
	2018	2018
Within 1 year	9,583	17,268
1-3 years	18,044	24,702
More than 3 years	199	-

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.

20. Finance and other income

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Interest income on financial assets at amortised cost	32	16	65	77
Gain on sale of property, plant and equipment	5	1	9	5
Dividend income from investments in mutual funds	-	-	-	1
Net gain on financial assets designated at fair value through profit and loss	74	127	124	262
Reversal of liability towards acquisition of business*	-	303	-	677
Others	10	28	11	85
Total	121	475	209	1,107

*During the quarter and six months ended September 30, 2017, the Group wrote back earn out payable towards acquisition of business to the erstwhile shareholders of Bluefin Solutions Limited and Magnet 360 LLC amounting to Rs 303 and Rs 677 respectively.

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21. Expenses by nature

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Employee benefits	11,171	9,001	21,566	17,394
Travel expenses	750	540	1,445	1,287
Communication expenses	201	191	392	381
Sub-contractor charges	1,284	785	2,478	1,574
Computer consumables	224	200	438	401
Legal and Professional charges	93	130	217	234
Power and fuel	77	70	159	157
Rent	284	239	553	471
Repairs to buildings	27	15	49	26
Repairs to machinery	15	12	29	23
Insurance	19	20	40	41
Rates and taxes	54	53	115	104
Other expenses	656	518	1,459	1,141
Depreciation charges - PPE	288	317	574	635
Impairment loss on goodwill and Amortisation charges	115	135	229	273
Total cost of revenues, selling, general and administrative expenses	15,258	12,226	29,743	24,142

22. Employee benefits

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Salaries and wages	10,342	8,384	19,947	16,198
Contribution to provident and other funds*	700	536	1,377	1,020
Expense on employee stock based compensation (refer note 12)**	58	46	97	93
Staff welfare expenses	71	35	145	83
Total	11,171	9,001	21,566	17,394

*includes contribution to defined contribution plans for the three and six months ended September 30, 2018, Rs 668 and Rs 1,312 respectively (For the three and six months ended September 30, 2017 Rs 510 and Rs 966 respectively)

**includes expense on cash settled employee stock based compensation for the three and six months ended September 30, 2018 Rs 32 and Rs 55 respectively (For the three and six months ended September 30, 2017 Rs Nil)

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Cost of revenues	9,351	7,539	17,989	14,674
Selling, general and administrative expenses	1,820	1,462	3,577	2,720
Total	11,171	9,001	21,566	17,394

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Defined benefit plans

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Gratuity Cost				
Service cost	31	26	62	52
Net interest on net defined liability/(asset)	1	-	3	2
Re-measurement - actuarial gain/(loss) recognised in OCI	3	32	48	26
Net gratuity cost	35	58	113	80
Assumptions				
Discount rate	8.00%	6.80%	8.00%	6.80%
Salary increase	5.00%	4.00%	5.00%	4.00%

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

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

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

Particulars	As at September 30, 2018	As at March 31, 2018
Change in defined benefit obligations		
Obligations at the beginning of the period	705	591
Service cost	62	113
Interest cost	25	38
Benefits settled	(44)	(64)
Actuarial (gain)/loss - Experience	40	57
Actuarial (gain)/loss – demographic assumptions	(17)	-
Actuarial (gain)/loss – financial assumptions	19	(30)
Obligations at the end of the period	790	705
Change in plan assets		
Plan assets at the beginning of the period, at fair value	564	500
Interest income on plan assets	22	35
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	(6)	5
Contributions	125	85
Benefits settled	(43)	(61)
Plan assets at the end of the period, at fair value	662	564

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Historical Information: -

Particulars	As at September 30,	As at March 31,			
	2018	2018	2017	2016	2015
Present value of defined benefit obligation	(790)	(705)	(591)	(517)	(411)
Fair Value of Plan assets	662	564	500	376	396
Asset/ (liability) recognized	(128)	(141)	(91)	(141)	(15)

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 September 30, 2018	As at March 31, 2018
Experience adjustment on plan liabilities	40	27
Experience adjustment on plan assets	6	(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 September 30, 2018		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(45)	50	(33)	37
Future salary growth (1% movement)	50	(46)	37	(34)

Maturity profile of defined benefit obligation:

Particulars	As at September 30, 2018	As at March 31, 2018
Within 1 year	102	116
1-2 years	116	119
2-3 years	140	135
3-4 years	154	150
4-5 years	173	159
5-10 years	1,018	771

The Group expects to contribute Rs 102 to its defined benefit plans during the next fiscal year.

As at September 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.

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23. Earnings per equity share

Particulars	Three months ended		Six months ended	
	September 30, 2018	2017	September 30, 2018	2017
Profit for the period (A)	2,063	1,247	3,645	2,464
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,135,864	167,250,538	164,040,839	167,640,238
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,477,118	167,565,911	164,379,886	167,955,819
Earnings per equity share:				
Equity shares of par value Rs 10 each				
(1) Basic (Rs) (A/B)	12.57	7.46	22.22	14.70
(2) Diluted (Rs) (A/C)	12.55	7.44	22.18	14.67

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

Particulars	Three months ended		Three months ended	
	September 30, 2018		September 30, 2017	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	164,135,864	164,135,864	167,250,538	167,250,538
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	341,254	-	315,373
Weighted average number of equity shares for calculation of earnings per share	164,135,864	164,477,118	167,250,538	167,565,911

Particulars	Six months ended		Six months ended	
	September 30, 2018		September 30, 2017	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	164,040,839	164,040,839	167,640,238	167,640,238
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	339,047	-	315,581
Weighted average number of equity shares for calculation of earnings per share	164,040,839	164,379,886	167,640,238	167,955,819

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

Nature of expenses	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Grant towards workforce training	-	2	-	2
Total	-	2	-	2

The Group had availed a grant of USD 950,000 for renovation of project facility in the financial year 2011-2012. This grant was subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the development center at Gainesville, Florida, US.

The Group has claimed R&D tax relief under UK corporation tax rules. 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	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Grant towards R & D credit	4	-	9	12
Total	4	-	9	12

As at September 30, 2018, the grant recognized in the balance sheet is Rs 18 (As at March 31, 2018: Rs 56).

25. Operating leases

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the three and six months ended September 30, 2018 amounted to Rs 133 and Rs 204 respectively and September 30, 2017 amounted to Rs 110 and Rs 217 respectively.

Future minimum lease payments under non-cancellable operating lease as at September 30, 2018 is as below:

Minimum lease payments	As at September 30, 2018	As at March 31, 2018
Payable – Not later than one year	476	258
Payable – Later than one year and not later than five years	1,199	593
Payable – Later than five years	306	351

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the three and six months ended September 30, 2018 amounted to Rs 151 and Rs 349 respectively and September 30, 2017 amounted to Rs 129 and Rs 254 respectively.

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26. Financial instruments

Financial instruments by category

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

As at September 30, 2018

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	12,983	-	12,983	12,983
Unbilled revenue	-	2,161	-	2,161	2,161
Investments	4,978	1,346	8	6,332	6,332
Cash and cash equivalents	-	1,745	-	1,745	1,745
Derivative assets	3	-	-	3	3
Other assets	-	1,141	-	1,141	1,141
Total assets	4,981	19,376	8	24,365	24,365
Liabilities					
Loans and borrowings	-	10	-	10	10
Trade payables and accrued expenses	-	2,073	-	2,073	2,073
Derivative Liabilities	70	-	-	70	70
Other liabilities	-	2,050	-	2,050	2,050
Total liabilities	70	4,133	-	4,203	4,203

As at March 31, 2018

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	10,155	-	10,155	10,155
Unbilled revenue	-	2,791	-	2,791	2,791
Investments	6,118	1,138	8	7,264	7,264
Cash and cash equivalents	-	3,289	-	3,289	3,289
Derivative assets	1	-	-	1	1
Other assets	-	1,057	-	1,057	1,057
Total assets	6,119	18,430	8	24,557	24,557
Liabilities					
Loans and borrowings	-	3,014	-	3,014	3,014
Trade payables and accrued expenses	-	1,710	-	1,710	1,710
Derivative Liabilities	15	-	-	15	15
Contingent consideration	-	-	-	-	-
Other liabilities	-	1,792	-	1,792	1,792
Total liabilities	15	6,516	-	6,531	6,531

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

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

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

- i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- ii) The fair value of the quoted bonds and mutual funds are based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- iii) Fair values of the Group's interest-bearing borrowings and loans are determined by using 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 September 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 September 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.

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Fair Value

The fair value of cash and cash equivalent, trade receivables, unbilled revenue, trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to short term nature of these instruments.

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of September 30, 2018, March 31, 2018:

As at September 30, 2018

Particulars	As at September 30, 2018	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	4,978	4,978	-	-
Investments in unlisted equity securities and preference shares	8	-	-	8
Derivative financial instruments-gain on outstanding foreign exchange forward and option contracts	3	-	3	-
Liabilities				
Derivative financial instruments-loss on outstanding foreign exchange forward and option contracts	70	-	70	-

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As at March 31, 2018

Particulars	As at March 31, 2018	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units	6,118	6,118	-	-
Investments in unlisted equity securities and preference shares	8	-	-	8
Derivative financial instruments-gain on outstanding foreign exchange forward and option contracts	1	-	1	-
Liabilities				
Derivative financial instruments-loss on outstanding foreign exchange forward and option contracts	15	-	15	-
Contingent consideration	-	-	-	-

There have been no transfers between level 1, level 2 and level 3 for the period ended September 30, 2018.

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

Particulars	As at September 30, 2018	As at March 31, 2018
Balance at the beginning of the period	8	8
Remeasurement recognised in OCI	-	-
Balance at the end of the period	8	8

Details of Income and interest expense are as follows:

Particulars	Six months ended September 30,	
	2018	2017
Income from Investments in mutual funds	124	262
Interest income on financial asset at amortized cost	65	77
Interest expense	(29)	(65)

Particulars	Three months ended September 30,	
	2018	2017
Income from Investments in mutual funds	74	127
Interest income on financial asset at amortized cost	32	16
Interest expense	(1)	(25)

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Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.

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

Particulars	As at September 30, 2018	As at March 31, 2018
Non-designated derivative instruments (Sell)		
in USD millions	46	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:

Particulars	As at September 30, 2018	As at March 31, 2018
Non-designated derivative instruments (Sell)		
Not later than 1 month		
in USD millions	16	11
in EUR millions	1	1
in GBP millions	1	1
Later than 1 month but not later than 3 months		
in USD millions	31	25
in EUR millions	1	1
in GBP millions	1	2

Financial risk management

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

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have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives 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	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Revenue from top customer	3,528	2,137	6,686	4,115
Revenue from top 5 customers	5,894	3,945	11,169	7,819

One customer accounted for more than 10% of the revenue during period ended September 30, 2018 and September 30, 2017; however, none of the customers accounted for more than 10% of the receivables for the period ended September 30, 2018 and September 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.

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Liquidity risk

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

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

The working capital position of the Group is given below:

Particulars	As at September 30, 2018	As at March 31, 2018
Cash and cash equivalents	1,745	3,289
Investments in mutual funds (quoted)	4,978	6,118
Investments in non-convertible bonds (quoted)	105	100
Investments in non-convertible bonds (unquoted)	106	-
Interest bearing deposits with corporates	790	800
Investment in commercial paper (unquoted)	245	188
Total	7,969	10,495

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

Particulars	As at September 30, 2018		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	5	5	-
Trade payables and accrued expenses	2,073	-	-
Derivative liabilities	70	-	-
Other liabilities	2,050	-	-

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

Mindtree Limited and Subsidiaries
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Foreign Currency risk

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

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

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

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

In respect of the Group's forward contracts, a 1% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- a) an approximately Rs 35 decrease and Rs 36 increase in the Group's net profit as at September 30, 2018;
- b) an approximately Rs 0.28 decrease and Rs 44 decrease in the Group's net profit as at September 30, 2017;

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

As at September 30, 2018	Amount in Rs million				
Particulars	US \$	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	8,644	1,694	1,703	508	12,549
Unbilled Revenue	2,275	314	299	208	3,096
Cash and cash equivalents	561	152	287	343	1,343
Other assets	382	48	76	22	528
Liabilities					
Trade payables and accrued expenses	1,551	42	432	153	2,178
Other liabilities	6,292	40	800	(37)	7,095
Net assets/liabilities	4,019	2,126	1,133	965	8,243

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

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As at March 31, 2018	Amount in Rs 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 and accrued expenses	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 three and six months ended September 30, 2018, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.2% /(0.2)% and 0.2%/(0.2)% respectively. For the three and six months ended September 30, 2017, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.3% /(0.2)% and 0.2%/(0.2)% respectively.

Interest rate risk

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

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

For details of the Group's borrowings and investments, refer to note 13 and 6 above.

Mindtree Limited and Subsidiaries
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Capital Management

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

The capital structure is as follows:

Particulars	As at September 30, 2018	As at March 31, 2018
Total equity attributable to the equity share holders of the Group	30,336	27,418
As percentage of total capital	100%	90%
Current loans and borrowings	5	3,005
Non-current loans and borrowings	5	9
Total loans and borrowings	10	3,014
As a percentage of total capital	0%	10%
Total capital (loans and borrowings and equity)	30,346	30,432

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

Mindtree Limited and Subsidiaries**Notes to the consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****27. Related party relationships and transactions**

Name of related party	Nature of relationship
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 20.42% equity stake in Mindtree
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

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	Six months ended	
		September 30, 2018	2017
Mindtree Foundation	Donation paid	38	25
Bridgeweave Limited	Software services rendered	(5)	-
Sical Logistics Limited	Software services rendered	-	1
Amitav Bagchi	Professional services rendered	1	-
Coffee Day Global Limited	Procurement of supplies	15	7
	Software services rendered	22	(2)
Tanglin Developments Limited	Leasing office buildings and land	205	204
	Advance/deposits paid/(adjusted):		
	- towards electricity deposit/charges	-	6
	- towards lease rentals	-	106

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Name of related party	Nature of transaction	Three months ended	
		September 30, 2018	2017
Mindtree Foundation	Donation paid	19	10
Bridgeweave Limited	Software services rendered	-	-
Sical Logistics Limited	Software services rendered	-	1
Amitav Bagchi	Professional services rendered	-	-
Coffee Day Global Limited	Procurement of supplies	10	4
	Software services rendered	9	1
Tanglin Developments Limited	Leasing office buildings and land	101	104
	Advance/deposits paid/(adjusted):		
	- towards lease rentals	-	106

Balances payable to related parties are as follows:

Name of related party	As at September 30, 2018	As at March 31, 2018
Coffee Day Global Limited	1	1

Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at September 30, 2018	As at March 31, 2018
Coffee Day Global Limited	Trade receivables	56	36
Bridgeweave Limited	Trade receivables	-	6
Tanglin Developments Limited	- Security deposit including electricity deposit returnable on termination of lease	270	270

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

Mindtree Limited and Subsidiaries
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Key Managerial Personnel:

Krishnakumar Natarajan	Executive Chairman
Rostow Ramanan	CEO and Managing Director
N.S. Parthasarathy ¹	Executive Vice Chairman, President and Chief Operating Officer
Subroto Bagchi	Non-Executive Director
Apurva Purohit ²	Independent Director
Manisha Girotra ³	Independent Director
Prof. Pankaj Chandra ⁴	Independent Director
Milind Sarwate	Independent Director
Akshaya Bhargava	Independent Director
Bijou Kurien ⁵	Independent Director
V.G.Siddhartha ⁶	Non-Executive Director
Jagannathan Chakravarthi ⁷	Chief Financial Officer
Pradip Menon ⁸	Chief Financial Officer
Vedavalli Sridharan	Company Secretary

¹The Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on October 17, 2018, have approved and recommended reappointment as Executive Vice Chairman for a period commencing from January 01, 2019 to January 31, 2021, subject to the approval of shareholders.

²The Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on October 17, 2018, have approved and recommended reappointment as Independent Director for a second term of five years commencing from January 01, 2019 to December 31, 2023, subject to the approval of shareholders.

³ Resigned on April 18, 2018

⁴ Retired on April 01, 2018

⁵The 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.

⁶ Resigned on March 09, 2018

⁷ Resigned on July 20, 2018

⁸ Appointed with effect from September 24, 2018

Mindtree Limited and Subsidiaries
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Transactions with key management personnel are as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the period ended September 30, 2018 and September 30, 2017 have been detailed below:

Particulars	Three months ended September 30,	
	2018*	2017*
Whole-time directors and executive officers		
Salaries	2	10
Contribution to Provident fund	1	1
Bonus and Incentives	27	11
Reimbursement of expenses	1	-
Share based payments as per IFRS 2	26	1
Total Remuneration	57	23
Non-whole-time directors		
Commission	5	4
Total Remuneration	5	4
Total	62	27

Particulars	Six months ended September 30,	
	2018*	2017*
Whole-time directors and executive officers		
Salaries	21	19
Contribution to Provident fund	1	1
Bonus and Incentives	42	21
Reimbursement of expenses	1	1
Share based payments as per IFRS 2	45	2
Total Remuneration	110	44
Non-whole-time directors		
Commission	9	8
Total Remuneration	9	8
Total	119	52

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

Dividends paid to directors during the three and six months ended September 30, 2018 amounts to Rs 44 and Rs 73 respectively and for the three and six months ended September 30, 2017 amounts to Rs 67 and Rs 112 respectively. Further, during the six months ended September 30, 2018, 4,225 (September 30, 2017: 4,665) shares were allotted to the key management personnel.

Mindtree Limited and Subsidiaries

Notes to the consolidated interim financial statements

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28. 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.

Mindtree Limited and Subsidiaries

Notes to the consolidated interim financial statements

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The Group has received revised order for the FY 2008-09 under section 263 from Assessing Officer raising an additional demand of Rs 61, taking the total demand to Rs 124. The Group had filed an appeal before ITAT. Subsequently, 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.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for as at September 30, 2018 is Rs 891 (March 31, 2018: Rs 450).

Mindtree Limited and Subsidiaries
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30. Segment information

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8 Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The Group is structured into four reportable business segments – RCM, BFSI, 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.

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

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

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

CODM does not review assets and liabilities at reportable segments level, hence segment disclosure relating to total assets and liabilities has not been provided. The management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognized.

Mindtree Limited and Subsidiaries
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Industry Segments:

Statement of income	Three months ended September 30,	
	2018	2017
Segment revenue		
RCM	3,818	3,123
BFSI	3,924	3,288
Hi-tech	6,892	4,971
TH	2,920	1,934
Total	17,554	13,316
Segment operating income		
RCM	578	366
BFSI	222	234
Hi-tech	1,409	772
TH	490	170
Total	2,699	1,542
Depreciation and Amortization expense	(403)	(452)
Profit for the period before finance expenses, other income and tax	2,296	1,090
Finance expenses	(1)	(25)
Other income	89	459
Interest income	32	16
Foreign exchange gain/(loss)	403	120
Net profit before taxes	2,819	1,660
Income taxes	(756)	(413)
Net profit after taxes	2,063	1,247
Other information	Three months ended September 30,	
	2018	2017
Other significant non-cash expense (Allocable)		
RCM	10	(3)
BFSI	14	(9)
Hi-tech	16	3
TH	2	(17)

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

Statement of income	Six months ended September 30,	
	2018	2017
Segment revenue		
RCM	7,600	6,042
BFSI	7,579	6,523
Hi-tech	13,262	9,862
TH	5,508	3,784
Total	33,949	26,211
Segment operating income		
RCM	1,193	555
BFSI	343	527
Hi-tech	2,673	1,532
TH	800	363
Total	5,009	2,977
Depreciation and Amortization expense	(803)	(908)
Profit for the period before finance expenses, other income and tax	4,206	2,069
Finance expenses	(29)	(65)
Other income	144	1,030
Interest income	65	77
Foreign exchange gain/(loss)	594	139
Net profit before taxes	4,980	3,250
Income taxes	(1,335)	(786)
Net profit after taxes	3,645	2,464
Other information	Six months ended September 30,	
	2018	2017
Other significant non-cash expense (Allocable)		
RCM	25	36
BFSI	18	(9)
Hi-tech	25	12
TH	25	(5)

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

Revenues	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
America	12,919	8,987	24,838	17,959
Europe	3,283	3,032	6,575	5,748
India	575	463	1,079	851
Rest of world	777	834	1,457	1,653
Total	17,554	13,316	33,949	26,211

Refer Note no. 26 on Financial Instruments for information on revenue from major customers

31. 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.