Mindtree Limited
Consolidated balance sheet as at June 30, 2021

Rs in million

	Note	As at June 30, 2021	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,197	3,039
Capital work-in-progress	4	161	224
Right-of-use assets	5	5,079	4,773
Goodwill	6	4,732	4,732
Other intangible assets	6	151	214
Financial assets	7		
Investments	7.1	1,540	1,161
Other financial assets	7.2	1,603	1,701
Deferred tax assets (Net)	17	410	351
Other non-current assets	8	1,623	1,665
		18,496	**17,860**
Current assets			
Financial assets	9		
Investments	9.1	23,442	19,307
Trade receivables	9.2	14,188	12,742
Cash and cash equivalents	9.3	4,051	7,597
Other financial assets	9.4	4,057	2,964
Other current assets	10	3,201	3,144
		48,939	**45,754**
TOTAL ASSETS		**67,435**	**63,614**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,647	1,647
Other equity	12	44,983	41,543
		46,630	**43,190**
Liabilities			
Non-current liabilities			
Financial liabilities	13		
Lease liabilities		4,888	4,492
Other financial liabilities	13.1	36	6
		4,924	**4,498**
Current liabilities			
Financial liabilities	14		
Lease liabilities		879	885
Trade payables	14.1 & 41		
Total outstanding dues of micro enterprises and small enterprises		39	43
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,925	2,633
Other financial liabilities	14.2	3,520	5,250
Other current liabilities	15	2,573	2,510
Provisions	16	2,333	2,227
Current tax liabilities (Net)		2,612	2,378
		15,881	**15,926**
		20,805	**20,424**
TOTAL EQUITY AND LIABILITIES		**67,435**	**63,614**

See accompanying notes to the consolidated interim financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

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

Monisha Parikh
Partner
Membership No.: 47840

Ramamurthi Shankar Raman
Non-Executive Director
DIN: 00019798
Place: Mumbai

Debashis Chatterjee
CEO & Managing Director
DIN: 00823966
Place: Mumbai

Vinit Ajit Teredesai
Chief Financial Officer
Place: Mumbai

Subhodh Shetty
Company Secretary
M No.: A13722
Place: Mumbai

Place: Bengaluru
Date : July 13, 2021

Date : July 13, 2021

Mindtree Limited
Consolidated statement of profit and loss for the quarter ended June 30, 2021

		Rs in million, except per share data	
		For the quarter ended	
	Note	**June 30, 2021**	**June 30, 2020**
Revenue from operations	18	22,917	19,088
Other income	19	718	406
Total income		**23,635**	**19,494**
Expenses			
Employee benefits expense	20	13,673	12,776
Finance costs	22	129	131
Depreciation and amortization expenses	23	582	597
Other expenses	24	4,599	3,092
Total expenses		**18,983**	**16,596**
Profit before tax		**4,652**	**2,898**
Tax expense:			
Current tax	17	1,249	727
Deferred tax	17	(31)	41
Profit for the period		**3,434**	**2,130**
Other comprehensive income	28		
A (i) Items that will not be reclassified to profit or loss		28	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(6)	3
B (i) Items that will be reclassified to profit or loss		(80)	1,391
(ii) Income tax relating to items that will be reclassified to profit or loss		28	(486)
Total other comprehensive income/(loss)		**(30)**	**894**
Total comprehensive income for the period		**3,404**	**3,024**
Earnings per share:	26		
Equity shares of par value Rs 10 each			
(1) Basic (Rs)		20.85	12.94
(2) Diluted (Rs)		20.83	12.93

See accompanying notes to the consolidated interim financial statements

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Company Secretary
M No.: A13722
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Place: Bengaluru
Date : July 13, 2021

Date : July 13, 2021

Mindtree Limited
Consolidated statement of cash flows for the quarter ended June 30, 2021

		Rs in million
	For the quarter ended	
	June 30, 2021	**June 30, 2020**
Cash flow from operating activities		
Profit for the period	3,434	2,130
Adjustments for :		
Income tax expense	1,218	768
Depreciation and amortization expenses	582	597
Impairment loss recognized on non-current assets held for sale	-	2
Share based payments to employees	36	27
Allowance for expected credit losses(Net)	29	25
Finance costs	129	131
Interest income on financial assets at amortized cost	(81)	(55)
Interest income on financial assets at fair value through profit or loss	(9)	-
Net gain on disposal of property, plant and equipment	-	(45)
Net gain on financial assets designated at fair value through profit or loss	(227)	(295)
Unrealised exchange difference on lease liabilities	43	12
Unrealised exchange difference on fair value hedges	(20)	(306)
Unrealised exchange difference on cash flow hedges	-	41
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(40)	(6)
Changes in operating assets and liabilities		
Trade receivables	(1,475)	693
Other assets	(1,061)	670
Bank balances other than cash and cash equivalents	-	1,481
Trade payables	1,288	-
Other liabilities	(1,770)	91
Provisions	106	387
Net cash provided by operating activities before taxes	**2,182**	**6,348**
Income taxes paid, net of refunds	(985)	(299)
Net cash provided by operating activities	**1,197**	**6,049**
Cash flow from investing activities		
Purchase of property, plant and equipment	(224)	(63)
Proceeds from sale of property, plant and equipment	-	58
Payment towards initial direct cost of right-of-use assets	-	(5)
Interest income on financial assets at amortized cost	47	66
Interest income on financial assets at fair value through profit or loss	9	-
Proceeds from sale of non-current assets held for sale	-	459
Purchase of investments	(9,350)	(12,413)
Proceeds from sale of investments	5,090	5,050
Net cash (used in) investing activities	**(4,428)**	**(6,848)**
Cash flow from financing activities		
Payment of lease liabilities	(226)	(174)
Finance costs (including interest towards lease liabilities - refer note 22)	(129)	(131)
Repayment of long-term borrowings	-	(5)
Net cash (used in) financing activities	**(355)**	**(310)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	40	6
Net (decrease) in cash and cash equivalents	**(3,546)**	**(1,103)**
Cash and cash equivalents at the beginning of the period	7,597	3,909
Cash and cash equivalents at the end of the period (refer note 9.3)	**4,051**	**2,806**

Mindtree Limited
Consolidated statement of cash flows for the quarter ended June 30, 2021

Reconciliation of liabilities from financing activities for the quarter ended June 30, 2021 — **Rs in million**

Particulars	**As at April 1, 2021**	**Proceeds/ Impact of Ind AS 116**	**Repayment**	**Fair value changes**	**As at June 30, 2021**
Lease liabilities	5,377	573	(226)	43	**5,767**
Total liabilities from financing activities	**5,377**	**573**	**(226)**	**43**	**5,767**

Reconciliation of liabilities from financing activities for the quarter ended June 30, 2020 — **Rs in million**

Particulars	**As at April 1, 2020**	**Proceeds/ Impact of Ind AS 116**	**Repayment**	**Fair value changes**	**As at June 30, 2020**
Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	509	(174)	12	**6,010**
Total liabilities from financing activities	**5,668**	**509**	**(179)**	**12**	**6,010**

See accompanying notes to the consolidated interim financial statements

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Place: Mumbai

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CEO & Managing Director
DIN: 00823966
Place: Mumbai

Vinit Ajit Teredesai
Chief Financial Officer
Place: Mumbai

Subhodh Shetty
Company Secretary
M No.: A13722
Place: Mumbai

Place: Bengaluru
Date : July 13, 2021

Date : July 13, 2021

Mindtree Limited
Consolidated statement of changes in equity for the quarter ended June 30, 2021

(a) Equity share capital	**Rs in million**
Balance as at April 1, 2020	**1,646**
Add: Shares issued on exercise of stock options and restricted shares	1
Balance as at March 31, 2021	**1,647**
Balance as at April 1, 2021	**1,647**
Add: Shares issued on exercise of stock options and restricted shares	-
Balance as at June 30, 2021	**1,647**

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

Particulars	**Reserves and surplus (refer note 12)**							**Items of Other Comprehensive Income (refer note 12)**			**Total other equity**
	Capital reserve	**General reserve**	**Special Economic Zone reinvestment reserve**	**Capital redemption reserve**	**Securities premium**	**Share option outstanding account**	**Retained earnings**	**Foreign Currency Translation Reserve (FCTR)**	**Effective portion of Cash Flow Hedges**	**Other items of Other Comprehensive Income**	
Balance as at April 1, 2020	**87**	**226**	**1,218**	**42**	**299**	**101**	**30,602**	**(416)**	**(2,035)**	**(202)**	**29,922**
Profit for the period	-	-	-	-	-	-	2,130	-	-	-	2,130
Other comprehensive income (net of taxes) (refer note 28)	-	-	-	-	-	-	-	-	905	(11)	894
Created during the period	-	-	165	-	-	-	(165)	-	-	-	-
Utilised during the period	-	-	(114)	-	-	-	114	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	27	-	-	-	-	27
Balance as at June 30, 2020	**87**	**226**	**1,269**	**42**	**299**	**128**	**32,681**	**(416)**	**(1,130)**	**(213)**	**32,973**
Balance as at April 1, 2020	**87**	**226**	**1,218**	**42**	**299**	**101**	**30,602**	**(416)**	**(2,035)**	**(202)**	**29,922**
Profit for the year	-	-	-	-	-	-	11,105	-	-	-	11,105
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	3,387	(89)	3,298
Created during the year	-	-	848	-	-	-	(848)	-	-	-	-
Utilised during the year	-	-	(584)	-	-	-	584	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	100	(100)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	99	-	-	-	-	99
Transfer on account of share options not exercised	-	-	-	-	-	(2)	2	-	-	-	-
Cash dividends (refer note 12.1)	-	-	-	-	-	-	(2,881)	-	-	-	(2,881)
Balance as at March 31, 2021	**87**	**226**	**1,482**	**42**	**399**	**98**	**38,564**	**(416)**	**1,352**	**(291)**	**41,543**
Balance as at April 1, 2021	**87**	**226**	**1,482**	**42**	**399**	**98**	**38,564**	**(416)**	**1,352**	**(291)**	**41,543**
Profit for the period	-	-	-	-	-	-	3,434	-	-	-	3,434
Other comprehensive income (net of taxes) (refer note 28)	-	-	-	-	-	-	-	-	(52)	22	(30)
Created during the period	-	-	644	-	-	-	(644)	-	-	-	-
Utilised during the period	-	-	(267)	-	-	-	267	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	13	(13)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	36	-	-	-	-	36
Balance as at June 30, 2021	**87**	**226**	**1,859**	**42**	**412**	**121**	**41,621**	**(416)**	**1,300**	**(269)**	**44,983**

See accompanying notes to the consolidated interim financial statements
As per our report of even date attached
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For and on behalf of the Board of Directors of **Mindtree Limited**

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Company Secretary
M No.: A13722
Place: Mumbai

Place: Bengaluru
Date : July 13, 2021

Date : July 13, 2021

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries, Mindtree Software (Shanghai) Co. Ltd, and Bluefin Solutions Sdn Bhd. 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 five industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT), Travel, Transportation and Hospitality (TTH) (erstwhile Travel and Hospitality - TH) and Healthcare (HCARE) (refer note 37). 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 (UK), Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, United Arab Emirates (UAE), The Netherlands, Canada, Belgium, France, Ireland, Poland, Mexico, Republic of China, Norway, Finland, Denmark, Spain and New Zealand. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The Company became a subsidiary of Larsen & Toubro Limited (L&T) with effect from July 2, 2019. The consolidated interim financial statements were authorized for issuance by the Company's Board of Directors on July 13, 2021.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These consolidated interim financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Group has consistently applied accounting policies to all periods. The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are applicable for financial periods commencing from April 1, 2021. The Group has evaluated the effect of the amendments on its financial statements and complied with the same. Based on further amendments and clarifications to Schedule III, if any, the disclosures will be updated in the period in which such guidance is issued.

(b) Basis of measurement

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

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

(c) Use of estimates and judgment

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

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

i) *Revenue recognition:*

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 labour costs and productivity efficiencies. As the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

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

ii) *Income taxes:* The Group's two major tax jurisdictions are India and USA, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer note 17.

iii) *Leases:* The Group considers all the extension-options under the commercial contract for determining the lease-term which forms the basis for the measurement of right-of-use asset and the corresponding lease-liability

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.

v) *Estimation uncertainty relating to COVID-19 outbreak:* The Group has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Group has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets, investments and derivatives. The eventual outcome of impact of the global health pandemic may be different from that estimated as on the date of approval of these financial statements.

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

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

2.3 Summary of significant accounting policies

(i) Functional and presentation currency

Items included in the 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.

(ii) Foreign currency transactions and balances

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

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

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

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

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

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

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.

(iii) Financial instruments

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

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

A financial asset shall be measured at amortized 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 amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

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

(ii) Debt instruments at FVTOCI
A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

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

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in consolidated statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the effective interest rate (EIR) method.

(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 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 amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Group may elect to designate the financial asset, which otherwise meets amortized 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 recorded in the statement of profit and loss.

b) *Non-derivative financial liabilities*
(i) Financial liabilities at amortized cost
Financial liabilities at amortized cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

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

c) *Derivative financial instruments*
The Group holds derivative financial instruments such as foreign exchange forward contracts 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 and loss.

(i) Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the consolidated statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated statement of profit and loss upon the occurrence of the related forecasted transaction.
The Group separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

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

(iv) Property, plant and equipment
a) Recognition and measurement*:* Property, plant and equipment are measured at cost or its deemed 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. Leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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

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

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

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

(v) Intangible assets

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

The estimated useful lives of intangible assets for the current and comparative period are as follows:

Category	Useful life
Intellectual property	5 years
Computer software	2 years
Business alliance relationships	4 years
Customer relationships	3 - 5 years
Vendor relationships	6 years
Trade name	5.25 - 5.75 years
Technology	5.75 years
Non-compete agreement	5 years

(vi) Business combination, Goodwill and Intangible assets

Business combinations other than through common control transactions 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.

Business combinations through common control transactions are accounted on a pooling of interests method.

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, it is considered as a bargain purchase gain.

b) Intangible assets

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

(vii) Leases

The group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group’s incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Group recognises the lease payments associated with these leases as an expense over the lease term.

(viii) Impairment

a) Financial assets

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

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

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

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

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

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

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk and consequential default by customers including revisions in the credit period provided to the customers. In making this assessment, the Group has considered current and anticipated future economic conditions relating to industries/business verticals that the Group deals with and the countries where it operates. In addition the Group has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Group believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

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

Financial assets measured at amortized cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

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

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

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

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

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

(ix) Employee Benefits

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

The Group has the following employee benefit plans:

a) Social security plans
Employer contributions payable to the social security plans, which are a defined contribution scheme, is charged to the consolidated statement of profit and loss in the period in which the employee renders services.

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

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

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

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

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

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

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

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

(xi) Provisions

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

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

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

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

(xii) Revenue

The Group derives revenue primarily from software development and related services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

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

b) Fixed-price contracts

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

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

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.
In arrangements for software development and related services and maintenance services, the Group has applied the guidance in Ind AS 115, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Group has measured the revenue in respect of distinct performance obligation at its standalone selling price, in accordance with principles given in Ind AS 115.
The Group accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.
Revenues are shown net of sales tax, value added tax, service tax, goods and services tax and applicable discounts and allowances.
The Group accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Group's historical experience of material usage and service delivery costs.

'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'.

(xiii) Warranty provisions

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

(xiv) Finance income and expense

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

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the consolidated statement of profit and loss using the effective interest method.

(xv) Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

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

(xvi) Earnings per share (EPS)

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period, adjusted for bonus elements in equity shares issued during the period.

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

(xvii) Research and Development (R&D) costs

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

(xviii) Government grants

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

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

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. A repayment of government grant is accounted for as a change in accounting estimate. Repayment of a grant is recognised by reducing the deferred income balance, if any and the rest of the amount is charged to statement of profit and loss.

(xix) Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The tax liability on dividends has been shifted to the shareholders and accordingly, the Company distributes the dividend after deducting the taxes at applicable rates.

(xx) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter ended June 30, 2021
(Rupees in millions, except share and per share data, unless otherwise stated)

Non-current assets

3 Property, plant and equipment

Particulars	Land	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
Gross carrying value										
At April 1, 2020	**33**	**3,252**	**1,958**	**219**	**1,182**	**4,013**	**835**	**580**	**9**	**12,081**
Additions	-	1	1	-	8	94	-	-	-	104
Reclassification (refer note 39)	-	(434)	434	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(20)	-	(96)	(6)	(18)	-	-	(140)
At June 30, 2020	**33**	**2,819**	**2,373**	**219**	**1,094**	**4,101**	**817**	**580**	**9**	**12,045**
At April 1, 2020	**33**	**3,252**	**1,958**	**219**	**1,182**	**4,013**	**835**	**580**	**9**	**12,081**
Additions	-	22	16	-	18	511	7	1	-	575
Reclassification (refer note 39)	-	(434)	434	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(28)	-	(97)	(120)	(23)	(2)	-	(270)
At March 31, 2021	**33**	**2,840**	**2,380**	**219**	**1,103**	**4,404**	**819**	**579**	**9**	**12,386**
At April 1, 2021	**33**	**2,840**	**2,380**	**219**	**1,103**	**4,404**	**819**	**579**	**9**	**12,386**
Additions	-	-	126	-	6	258	-	-	-	390
Disposals / adjustments	-	-	-	-	-	(12)	-	-	-	(12)
At June 30, 2021	**33**	**2,840**	**2,506**	**219**	**1,109**	**4,650**	**819**	**579**	**9**	**12,764**
Accumulated depreciation										
At April 1, 2020	**-**	**1,655**	**1,410**	**218**	**958**	**3,273**	**756**	**407**	**4**	**8,681**
Depreciation expense	-	46	48	-	24	85	13	17	-	233
Reclassification (refer note 39)	-	(396)	396	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(16)	-	(87)	(6)	(18)	-	-	(127)
At June 30, 2020	**-**	**1,305**	**1,838**	**218**	**895**	**3,352**	**751**	**424**	**4**	**8,787**
At April 1, 2020	**-**	**1,655**	**1,410**	**218**	**958**	**3,273**	**756**	**407**	**4**	**8,681**
Depreciation expense	-	162	183	1	91	379	49	55	2	922
Reclassification (refer note 39)	-	(396)	396	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(25)	-	(88)	(119)	(23)	(1)	-	(256)
At March 31, 2021	**-**	**1,421**	**1,964**	**219**	**961**	**3,533**	**782**	**461**	**6**	**9,347**
At April 1, 2021	**-**	**1,421**	**1,964**	**219**	**961**	**3,533**	**782**	**461**	**6**	**9,347**
Depreciation expense	-	36	41	-	21	113	10	11	-	232
Disposals / adjustments	-	-	-	-	-	(12)	-	-	-	(12)
At June 30, 2021	**-**	**1,457**	**2,005**	**219**	**982**	**3,634**	**792**	**472**	**6**	**9,567**
Net carrying value as at June 30, 2021	**33**	**1,383**	**501**	**-**	**127**	**1,016**	**27**	**107**	**3**	**3,197**
Net carrying value as at March 31, 2021	**33**	**1,419**	**416**	**-**	**142**	**871**	**37**	**118**	**3**	**3,039**
Net carrying value as at June 30, 2020	**33**	**1,514**	**535**	**1**	**199**	**749**	**66**	**156**	**5**	**3,258**

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

4 Capital work-in-progress ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress					
As at June 30, 2021	128	29	4	-	**161**
As at March 31, 2021	191	29	4	-	**224**

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

5 Right-of-use assets

Particulars	Land	Buildings	Total
Gross carrying value			
At April 1, 2020	**53**	**6,077**	**6,130**
Additions	-	514	514
Disposals / adjustments	-	-	-
At June 30, 2020	**53**	**6,591**	**6,644**
At April 1, 2020	**53**	**6,077**	**6,130**
Additions	-	932	932
Disposals / adjustments	-	(355)	(355)
At March 31, 2021	**53**	**6,654**	**6,707**
At April 1, 2021	**53**	**6,654**	**6,707**
Additions	-	590	590
Disposals / adjustments	-	(80)	(80)
At June 30, 2021	**53**	**7,164**	**7,217**
Accumulated depreciation			
At April 1, 2020	**8**	**921**	**929**
Depreciation expense	-	253	253
Disposals / adjustments	-	-	-
At June 30, 2020	**8**	**1,174**	**1,182**
At April 1, 2020	**8**	**921**	**929**
Depreciation expense	1	1,080	1,081
Disposals / adjustments	-	(76)	(76)
At March 31, 2021	**9**	**1,925**	**1,934**
At April 1, 2021	**9**	**1,925**	**1,934**
Depreciation expense	-	284	284
Disposals / adjustments	-	(80)	(80)
At June 30, 2021	**9**	**2,129**	**2,138**
Net carrying value as At June 30, 2021	**44**	**5,035**	**5,079**
Net carrying value as at March 31, 2021	**44**	**4,729**	**4,773**
Net carrying value as At June 30, 2020	**45**	**5,417**	**5,462**

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

Non-current assets

6 Goodwill and other intangible assets

a) Goodwill and other intangible assets		Other intangible assets								
Particulars	**Goodwill**	**Intellectual property**	**Business alliance relationships**	**Customer relationships**	**Non compete agreement**	**Vendor relationships**	**Tradename**	**Technology**	**Computer software**	**Total other intangible assets**
Gross carrying value										
At April 1, 2020	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,194**	**4,031**
Additions	-	-	-	-	-	-	-	-	13	13
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2020	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,207**	**4,044**
At April 1, 2020	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,194**	**4,031**
Additions	-	-	-	-	-	-	-	-	48	48
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,242**	**4,079**
At April 1, 2021	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,242**	**4,079**
Additions	-	-	-	-	-	-	-	-	3	3
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2021	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,245**	**4,082**
Accumulated amortization										
At April 1, 2020	**-**	**67**	**72**	**1,231**	**52**	**427**	**140**	**124**	**1,159**	**3,272**
Amortization expense	-	-	-	61	2	24	8	6	10	111
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2020	**-**	**67**	**72**	**1,292**	**54**	**451**	**148**	**130**	**1,169**	**3,383**
At April 1, 2020	**-**	**67**	**72**	**1,231**	**52**	**427**	**140**	**124**	**1,159**	**3,272**
Amortization expense	-	-	-	98	4	150	166	138	37	593
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	**-**	**67**	**72**	**1,329**	**56**	**577**	**306**	**262**	**1,196**	**3,865**
At April 1, 2021	**-**	**67**	**72**	**1,329**	**56**	**577**	**306**	**262**	**1,196**	**3,865**
Amortization expense	-	-	-	-	-	56	-	-	10	66
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At June 30, 2021	**-**	**67**	**72**	**1,329**	**56**	**633**	**306**	**262**	**1,206**	**3,931**
Net carrying value as at June 30, 2021	**4,732**	**-**	**-**	**-**	**-**	**112**	**-**	**-**	**39**	**151**
Net carrying value as at March 31, 2021	**4,732**	**-**	**-**	**-**	**-**	**168**	**-**	**-**	**46**	**214**
Net carrying value as At June 30, 2020	**4,732**	**-**	**-**	**37**	**2**	**294**	**158**	**132**	**38**	**661**
Estimated useful life (in years)	NA	5	4	3 - 5	5	6	5.25 - 5.75	5.75	2	
Estimated remaining useful life (in years)	NA	-	-	-	-	0.50	-	-	0.10 - 2	

The aggregate amount of research and development expense recognized in the consolidated statement of profit and loss for the quarter ended June 30, 2021 Rs 65 (For the quarter ended June 30, 2020 Rs 66).

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

6 Goodwill and other intangible assets

b) Impairment

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

Particulars	**As at**	
	June 30, 2021	**March 31, 2020**
Carrying value at the beginning of the period	4,732	4,732
Carrying value at the end of the period	**4,732**	**4,732**

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 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.

The Group does its impairment evaluation on an annual basis and as of March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Group has performed sensitivity analysis for all key assumptions, including the cash flow projections, consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount. The key assumptions used for the calculations were as follows:

Particulars	**As at March 31, 2021**
Discount rate	14.2% - 18.5%

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.

The goodwill on acquisition of subsidiaries, which have since merged with the Company, has been allocated as follows:

Particulars	**June 30, 2021**	**March 31, 2020**
RCM	2,442	2,442
BFSI	1,179	1,179
CMT	1,037	1,037
TTH	74	74
HCARE	-	-
Total	**4,732**	**4,732**

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

Non-current assets

7 Financial assets

7.1 Investments

Particulars	As at June 30, 2021		As at March 31, 2021	
	No of units	Amount	No of units	Amount
i) Investments in equity instruments (unquoted)				
Equity shares in Careercommunity.com Limited	-	-	2,400	-
Equity shares of Rs 1 each in NuvePro Technologies Private Limited	950,000	1	950,000	1
Equity shares in Worldcast Technologies Private Limited	-	-	12,640	-
Total		1		1
ii) Investments in preference shares (unquoted)				
Series A Convertible Preferred Stock at US$ 0.0001 each fully paid at premium of US $ 0.2557 each in 30 Second Software Inc.	643,790	7	643,790	7
Total		**7**		**7**
iii) Investments in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of Rs 1,000,000 each in LIC Housing Finance Limited	100	114	100	112
Unsecured redeemable non-convertible debentures of Rs 1,000,000 each in Tata Capital Limited	200	216	100	106
Secured redeemable non-convertible debentures of Rs 1,000,000 each in Bajaj Finance Limited	100	103	100	102
Unsecured, redeemable, non-convertible, non-cumulative, taxable bonds of Rs 1,000,000 each in PFC Limited	200	212	200	224
Unsecured, redeemable, non-convertible, taxable bonds of Rs 1,000,000 each in Rural Electrification Corporation Limited	200	220	200	234
Zero coupon bonds of Rs 1,000,000 each in HDB Financial Services Limited	100	101	-	-
Total		**966**		**778**
iv) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-PNB Housing Finance Limited		251		-
Total		**251**		**-**
v) Investments in mutual funds (quoted)				
IDFC Mutual Fund	-	-	5,000,000	61
Total		**-**		**61**
vi) Investments in perpetual bonds (quoted)				
Perpetual bonds of Rs 1,000,000 each in HDFC Bank	100	103	100	110
Perpetual bonds of Rs 1,000,000 each in State Bank of India	200	212	200	204
Total		**315**		**314**
Grand Total		**1,540**		**1,161**
Aggregate amount of quoted investments		**1,281**		**1,153**
Aggregate market value of quoted investments		**1,281**		**1,153**
Aggregate amount of unquoted investments		**259**		**8**
Aggregate amount of impairment in value of investments		**-**		**1**

7.2 Other financial assets

Particulars	As at June 30, 2021	As at March 31, 2021
Security deposits	467	476
Derivative financial instruments	1,136	1,225
Total	**1,603**	**1,701**

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

8 Other non-current assets

Particulars	As at June 30, 2021	As at March 31, 2021
Capital advances	25	39
Advance income-tax including tax deducted at source (net of provision for taxes)	1,557	1,593
Prepaid expenses	24	14
Service tax receivable	11	11
Others	6	8
Total	**1,623**	**1,665**

Current assets

9 Financial assets

9.1 Investments

Particulars	As at June 30, 2021		As at March 31, 2021	
i) Investments in Mutual Funds (quoted)				
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**
Aditya Birla Sun Life Mutual Fund	16,026,510	1,818	15,636,634	1,678
Axis Mutual Fund	11,970,329	1,639	11,789,741	1,611
DSP Mutual Fund	66,158,584	1,177	61,193,885	1,116
Franklin Templeton Mutual Fund	-	-	15,000,000	189
HDFC Mutual Fund	36,417,935	1,687	22,171,210	1,348
ICICI Prudential Mutual Fund	28,052,370	1,337	33,052,370	1,385
IDFC Mutual Fund	102,102,157	2,116	98,562,761	1,974
Invesco Mutual Fund	2,243,591	745	7,285,776	737
Kotak Mutual Fund	18,293,501	1,592	17,716,023	1,565
L&T Mutual Fund	16,901,931	470	9,528,702	206
Nippon Indian Mutual Fund	48,786,992	1,544	48,737,402	1,364
SBI Mutual Fund	55,882,893	1,939	51,468,137	1,659
Tata Mutual Fund	13,427,683	1,175	29,350,910	1,052
UTI Mutual Fund	20,732,001	1,226	21,034,383	1,091
Total		**18,465**		**16,975**
ii) Investment in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of Rs 1,000 each in Tata Capital Financial Services Limited	50,000	53	50,000	52
Secured redeemable market-linked non-convertible debentures of Rs 1,000,000 each in Tata Capital Financial Services Limited	-	-	100	119
Total		**53**		**171**
iii) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		1,802		818
-Housing Development Finance Corporation Limited		1,354		141
-LIC Housing Finance Limited		1,424		862
Total		**4,580**		**1,821**
iv) Investments in commercial paper (unquoted)				
-Barclays Investments and Loans (India) Private Limited		97		96
-Kotak Mahindra Investment Limited		247		244
Total		**344**		**340**
Grand Total		**23,442**		**19,307**
Aggregate carrying amount of quoted investments		**18,518**		**17,146**
Aggregate market value of quoted investments		**18,518**		**17,146**
Aggregate amount of unquoted investments		**4,924**		**2,161**

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

9.2 Trade receivables

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Considered good - unsecured	14,665	13,190
Less: Allowance for expected credit losses	(477)	(448)
Total	**14,188**	**12,742**

Trade receivables ageing schedule

Particulars	**Outstanding for following periods from due date of payment**					**Total**
	Less than 6 months*	**6 months - 1 year**	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	
Undisputed – considered good						
As at June 30, 2021	14,279	150	189	26	21	**14,665**
As at March 31, 2021	12,852	147	121	47	23	**13,190**

*Includes amounts not yet due for payment.

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

Particulars	**Ageing**			
	1-90 days	**91-180 days**	**181-360 days**	**More than 360 days***
Default rate as at June 30, 2021	0.5%	3.2%	18.2%	70.5%
Default rate as at March 31, 2021	0.2%	4.3%	21.8%	56%

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

Movement in the expected credit loss allowance

Particulars	**For the period ended**		
	June 30, 2021	**June 30, 2020**	**March 31, 2021**
Balance at the beginning of the period	448	386	386
Provision/(reversal) of allowance for expected credit loss (net)	29	25	136
Bad debts written off during the period	-	-	(74)
Balance at the end of the period	**477**	**411**	**448**

9.3 Cash and cash equivalents

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Balances with banks in current accounts and deposit accounts*	4,026	7,572
Other bank balances**	25	25
Cash and cash equivalents as per balance sheet	**4,051**	**7,597**
Book overdrafts used for cash management purposes (refer note 14.2)	-	-
Cash and cash equivalents as per statement of cash flows	**4,051**	**7,597**

*The deposits maintained by the Group with banks comprises time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.
** Other bank balances represent earmarked balances in respect of unpaid dividends and dividend payable.

9.4 Other financial assets

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Security deposits	40	41
Advances to employees	138	216
Less: Provision for doubtful advances to employees	(18)	(20)
	120	196
Unbilled revenue*	2,933	1,859
Derivative financial instruments	964	868
Total	**4,057**	**2,964**

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

10 Other current assets

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Advance to suppliers	123	42
Prepaid expenses	850	1,070
Unbilled revenue*	1,886	1,694
Others**	342	338
Total	**3,201**	**3,144**

*Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones (in respect of fixed price contracts).

**Includes balances with government authorities

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

11 Equity share capital

a)

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Authorised		
800,000,000 (March 31, 2021 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,735,366 (March 31, 2021 : 164,719,766) equity shares of Rs 10 each fully paid	1,647	1,647
Total	**1,647**	**1,647**

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

Particulars	**As at June 30, 2021**		**As at March 31, 2021**	
	Number of shares	**Rs**	**Number of shares**	**Rs**
Number of shares outstanding at the beginning of the period	164,719,766	1,647	164,574,066	1,646
Add: Shares issued on exercise of stock options and restricted shares	15,600	-	145,700	1
Number of shares outstanding at the end of the period	**164,735,366**	**1,647**	**164,719,766**	**1,647**

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

Terms/rights attached to equity shares

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

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

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

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

Name of the shareholder	**As at June 30, 2021**		**As at March 31, 2021**	
	Number of shares	**%**	**Number of shares**	**%**
Larsen & Toubro Limited	100,527,734	61.02%	100,527,734	61.03%

e) In the period of five years immediately preceding June 30, 2021:

i) 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 Company 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. The buyback and creation of capital redemption reserve was effected by utilizing the securities premium and free reserves.

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

f) Shareholding of promoters:

Promoter name	**Shares held at June 30, 2021**		**Percentage change during the period ended June 30, 2021**
	No. of shares	**% of total shares**	
Larsen & Toubro Limited	100,527,734	61.02%	-0.01%

g) Employee stock based compensation

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Company administers below mentioned restricted stock purchase plan.

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

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

Particulars	**Quarter ended**			
	June 30, 2021		**June 30, 2020**	
	Number of share options	**Weighted average Exercise Price**	**Number of share options**	**Weighted average Exercise Price**
Outstanding shares, beginning of the quarter	5,200	10.00	-	-
Granted during the quarter	25,700	10.00	-	-
Exercised during the quarter	15,600	10.00	-	-
Lapsed during the quarter	-	-	-	-
Outstanding shares, end of the quarter	15,300	10.00	-	-
Shares vested and exercisable, end of the quarter	15,300	10.00	-	-

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

Other Stock based compensation arrangements

The Company has also granted letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at June 30, 2021 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the period	192,166
Number of units/shares granted under letter of intent during the period	-
Vested units/ shares	25,700
Lapsed units/ shares	-
Cancelled units/ shares	-
Outstanding units/shares as at the end of the period	166,466
Contractual life	1-2 years
Date of grant*	July 24, 2019, August 2, 2019, October 24, 2019, January 28, 2020, May 12, 2020, June 18, 2020, October 30, 2020, February 8, 2021
Price per share/ unit*	Exercise price of Rs 10

*Based on Letter of Intent

**Does not include direct allotment of shares

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the quarter ended June 30, 2021 was Rs 873.36 using the Black-Scholes model with the following assumptions:

	As at June 30, 2021
Weighted average grant date share price	873.36
Weighted average exercise price	Rs 10
Dividend yield %	0.42%
Expected life	1-2 years
Risk free interest rate	4.31%
Volatility	48.33%

On May 22, 2021, the shareholders of the Company, through postal ballot, have approved the following:
1. Employee Stock Option Plan 2021 ('ESOP 2021') for the issue of upto 2,000,000 options (including the unutilized options under ERSP 2012) to employees of the Company.
2. Grant of loan to the Mindtree Employee Welfare Trust ('ESOP Trust'), the value of which, shall not exceed the statutory ceiling of five (5%) percent of the paid-up capital and free reserves of the Company as on March 31, 2021

Further, the Company has obtained in-principle approval for listing of upto a maximum of 2,000,000 equity shares of Rs 10 each to be issued under ESOP 2021 from NSE and BSE on June 10, 2021 and June 14, 2021 respectively. The trust deed was executed effective May 25, 2021 and the registration of the said deed is in progress as on the date of the balance sheet.

12	Other equity	As at June 30, 2021	As at March 31, 2021
a)	**Capital reserve** Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	87	87
b)	**Capital redemption reserve** A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company’s own shares pursuant to Section 69 of the Companies Act, 2013.	42	42
c)	**Securities premium** Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.	412	399
d)	**General reserve** This represents appropriation of profit by the Company.	226	226
e)	**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 Company for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of the Income Tax Act, 1961.	1,859	1,482
f)	**Retained earnings** Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.	41,621	38,564
g)	**Share option outstanding account** The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees.	121	98

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

h)	**Effective portion of 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 (net of taxes) to the extent that the hedge is effective.	1,300	1,352
i)	**Foreign currency translation reserve** Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	(416)	(416)
j)	**Other items of other comprehensive income** Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset.	(269)	(291)
	Total	**44,983**	**41,543**

12.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the period ended June 30, 2021 and March 31, 2021 was Rs Nil and Rs 17.5 respectively.

The Board of Directors at its meeting held on April 16, 2021 had recommended a final dividend of 175% (Rs 17.5 per equity share of par value Rs 10 each) for the financial year ended March 31, 2021 which is subject to the approval of shareholders at the Annual General Meeting to be held on July 13, 2021.

Non- current liabilities

13 Financial liabilities

13.1 Other financial liabilities

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Derivative financial instruments	30	-
Employee benefits payable	3	4
Others (Security deposits for sub-lease)	3	2
Total	**36**	**6**

Current liabilities

14 Financial liabilities

14.1 Trade payables ageing schedule

	Particulars	**Outstanding for following periods from due date of payment**				**Total***
		Less than 1 year	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	
	As at June 30, 2021					
a)	Micro enterprises and small enterprises	39	-	-	-	**39**
b)	Others	3,924	1	-	-	**3,925**
	Total	**3,963**	**1**	**-**	**-**	**3,964**
	As at March 31, 2021					
a)	Micro enterprises and small enterprises	43	-	-	-	**43**
b)	Others	2,630	-	-	-	**2,630**
	Total	**2,673**	**-**	**-**	**-**	**2,673**

*Includes unbilled dues of Rs 3,052 as at June 30, 2021 (As at March 31, 2021 Rs 1,850)

14.2 Other financial liabilities

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Book overdraft	-	-
Unclaimed dividends	25	25
Employee benefits payable	3,151	4,673
Derivative financial instruments	72	33
Capital creditors	153	61
Margin money	119	386
Others	-	72
Total	**3,520**	**5,250**

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

15 Other current liabilities

Particulars	As at June 30, 2021	As at March 31, 2021
Unearned income (refer note 15.1)	379	322
Statutory dues (including provident fund and tax deducted at source)	776	812
Advance from customers	592	732
Gratuity payable (net)*	77	83
Liability for discount	749	557
Others	-	4
Total	**2,573**	**2,510**

* Refer note 21 for details of gratuity plan as per Ind AS 19.

15.1 Unearned income

Particulars	For the period ended		
	June 30, 2021	June 30, 2020	March 31, 2021
Balance at the beginning of the period	322	341	341
Invoiced during the period	1,362	1,325	5,151
Revenue recognized during the period	(1,305)	(1,369)	(5,170)
Balance at the end of the period	**379**	**297**	**322**

16 Provisions

Particulars	As at June 30, 2021	As at March 31, 2021
Provision for post contract support services	16	15
Provision for foreseeable losses on contracts	21	16
Provision for compensated absences	1,524	1,437
Provision for disputed dues*#	772	759
Total	**2,333**	**2,227**

*Represents disputed dues provided pursuant to unfavorable orders received from the tax authorities against which the Group has preferred an appeal with the relevant authority. In respect of the provisions of Ind AS 37, the disclosures required have not been provided pursuant to the limited exemption provided under paragraph 92 of Ind AS 37.
#Also refer note 35 (f).

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

Provision for post contract support services

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

Particulars	For the period ended		
	June 30, 2021	June 30, 2020	March 31, 2021
Balance at the beginning of the period	15	10	10
Provisions made during the period	1	-	7
Released during the period	-	(1)	(2)
Provision at the end of the period	**16**	**9**	**15**

Provision for foreseeable losses on contracts

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

Particulars	For the period ended		
	June 30, 2021	June 30, 2020	March 31, 2021
Balance at the beginning of the period	16	62	62
Provisions made during the period	44	10	23
Released during the period	(39)	(16)	(69)
Provision at the end of the period	**21**	**56**	**16**

Provision for disputed dues

Particulars	For the period ended		
	June 30, 2021	June 30, 2020	March 31, 2021
Balance at the beginning of the period	759	95	95
Provisions made during the period	13	1	664
Provision at the end of the period	**772**	**96**	**759**

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

17 Income tax

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

Particulars	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Current income tax	1,249	727
Deferred tax	(31)	41
Income tax expense reported in the statement of profit and loss	**1,218**	**768**
Income tax expense recognised in other comprehensive income:		
- Current tax arising on income and expense recognised in other comprehensive income		
Net loss/ (gain) on remeasurement of defined benefit plan	(6)	3
- Deferred tax arising on income and expense recognised in other comprehensive income		
Effective portion of cash flow hedges	28	(486)
Total	**22**	**(483)**

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

Particulars	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Profit before tax	4,652	2,898
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	1,625	1,013
Effect of:		
Income exempt from tax	(416)	(232)
Temporary differences reversing during the tax holiday period	(20)	12
Expenses (net) that are not deductible in determining taxable profit	11	6
Different tax rates of branches/subsidiaries operating in other jurisdictions	25	6
Income subject to different tax rates	4	-
True-up of tax provisions related to previous years	(11)	(37)
Income tax expense recognised in the statement of profit and loss	**1,218**	**768**

The tax rates under Indian Income Tax Act, for the quarters ended June 30, 2021 and June 30, 2020 was 34.94%.

Deferred tax

Deferred tax assets/(liabilities) as at June 30, 2021 in relation to:

Particulars	**As at April 1, 2021**	**Recognised in profit and loss**	**Recognised in Other Comprehensive Income**	**As at June 30, 2021**
Property, plant and equipment	657	(2)	-	655
Lease assets net of lease liabilities	167	7	-	174
Allowance for expected credit loss	105	5	-	110
Provision for compensated absences	289	45	-	334
Intangible assets	(48)	-	-	(48)
Net gain on fair value of investments	(322)	(23)	-	(345)
Effective portion of cash flow hedges	(726)	-	28	(698)
Others	229	(1)	-	228
Total	**351**	**31**	**28**	**410**

Deferred tax assets/(liabilities) as at March 31, 2021 in relation to:

Particulars	**As at April 1, 2020**	**Recognised in profit and loss**	**Recognised in Other Comprehensive Income**	**As at March 31, 2021**
Property, plant and equipment	513	144	-	657
Lease assets net of lease liabilities	98	69	-	167
Allowance for expected credit loss	84	21	-	105
Provision for compensated absences	288	1	-	289
Liability for discount	(13)	13	-	-
Intangible assets	(354)	306	-	(48)
Net gain on fair value of investments	(126)	(196)	-	(322)
Effective portion of cash flow hedges	1,093	-	(1,819)	(726)
Others	252	(23)	-	229
Total	**1,835**	**335**	**(1,819)**	**351**

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

Deferred tax assets/(liabilities) as at June 30, 2020 in relation to:

Particulars	**As at April 1, 2020**	**Recognised in profit and loss**	**Recognised in Other Comprehensive Income**	**As at June 30, 2020**
Property, plant and equipment	513	38	-	551
Lease assets net of lease liabilities	98	15	-	113
Allowance for expected credit loss	84	10	-	94
Provision for compensated absences	288	37	-	325
Liability for discount	(13)	11	-	(2)
Intangible assets	(354)	13	-	(341)
Net gain on fair value of investments	(126)	(87)	-	(213)
Effective portion of cash flow hedges	1,093	-	(486)	607
Others	252	(78)	-	174
Total	**1,835**	**(41)**	**(486)**	**1,308**

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

Particulars	**As at**	
	June 30, 2021	**March 31, 2021**
Unused tax losses (long term capital loss) which expire in:		
-FY 2021-22	48	48
-FY 2022-23	28	28
-FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	77	94

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

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

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

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

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

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

18 Revenue from operations

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

Revenue by contract type

	For the quarter ended	
Revenues	**June 30, 2021**	**June 30, 2020**
Fixed-price and Maintenance	68%	67%
Time and materials	32%	33%
Total	**100%**	**100%**

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

Transaction price allocated to the remaining performance obligations

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Within 1 year	35,122	23,149
1-3 years	13,853	17,707
More than 3 years	2,781	3,213

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, if any.

The Group has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts (ii) onerous obligations (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID – 19 is not material based on such evaluation. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

19 Other income

Particulars	For the quarter ended	
	June 30, 2021	**June 30, 2020**
Net gain on financial assets designated at fair value through profit or loss	227	295
Interest income on financial assets at amortized cost	81	55
Interest income on financial assets at fair value through profit or loss	9	-
Foreign exchange gain, net	366	-
Others*	35	56
Total	**718**	**406**

* Includes net gain/(loss) on disposal of property, plant and equipment for the quarter ended June 30, 2021 Rs Nil (For the quarter ended June 30, 2020 Rs 45).

20 Employee benefits expense

Particulars	For the quarter ended	
	June 30, 2021	**June 30, 2020**
Salaries and wages (refer note 27)	12,608	11,835
Contribution to provident and other funds*	971	867
Share based payments to employees (refer note 11(g))	36	27
Staff welfare expenses	58	47
Total	**13,673**	**12,776**

*includes contribution to defined contribution plans for the quarter ended June 30, 2021 Rs 904 (For the quarter ended June 30, 2020 Rs 807). Also refer note 35(f).

21 Gratuity

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

Particulars	For the quarter ended	
	June 30, 2021	**June 30, 2020**
Gratuity cost		
Service cost	66	56
Net interest on net defined liability/(asset)	1	4
Re-measurement - actuarial (gain)/loss recognised in OCI	(28)	14
Net gratuity cost	**39**	**74**
Assumptions		
Discount rate	6.00%	5.60%
Salary increase	0%-7.5%	0%-6%
Withdrawal rate	15.33%	16.28%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Indian Assured Lives Mortality (2012-14) Ult.

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

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

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

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Change in defined benefit obligations		
Obligations at the beginning of the period	1,408	1,071
Service cost	65	234
Interest cost	20	67
Benefits settled	(45)	(124)
Actuarial (gain)/loss - experience	(13)	2
Actuarial (gain)/loss – demographic assumptions	11	(23)
Actuarial (gain)/loss – financial assumptions	(13)	181
Obligations at the end of the period	**1,433**	**1,408**
Change in plan assets		
Plan assets at the beginning of the period, at fair value	1,325	789
Interest income on plan assets	18	50
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	13	44
Contributions	45	561
Benefits settled	(45)	(119)
Plan assets at the end of the period, at fair value	**1,356**	**1,325**

Historical information:

Particulars	**As at June 30, 2021**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
Present value of defined benefit obligation	(1,433)	(1,408)	(1,071)	(874)	(705)
Fair value of plan assets	1,356	1,325	7,889	644	564
Liability recognised	**(77)**	**(83)**	**(282)**	**(230)**	**(141)**

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

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Experience adjustment on plan liabilities	(13)	2
Experience adjustment on plan assets	13	44

Sensitivity analysis

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

	As at June 30, 2021		**As at March 31, 2021**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(87)	97	(82)	92
Future salary growth (1% movement)	96	(87)	91	(83)

Maturity profile of defined benefit obligation:

Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Within 1 year	185	193
1-2 years	180	182
2-3 years	179	180
3-4 years	173	173
4-5 years	160	160
5-10 years	611	588
More than 10 years	765	667

The Group expects to contribute Rs 419 to its defined benefit plans during the next year.

As at June 30, 2021 and March 31, 2021 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.

22 Finance costs

Particulars	**For the quarter ended June 30, 2021**	**For the quarter ended June 30, 2020**
Interest expense on lease liabilities	127	131
Interest expense - others	2	-
Total	**129**	**131**

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

23 Depreciation and amortization expenses

Particulars	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Depreciation of property, plant and equipment (refer note 3)	232	233
Depreciation of right-of-use assets (refer note 5)	284	253
Amortization of other intangible assets (refer note 6)	66	111
Total	**582**	**597**

24 Other expenses

Particulars	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Travel expenses	219	292
Communication expenses	181	157
Sub-contractor charges	2,588	1,295
Computer consumables	467	346
Legal and professional charges	237	62
Power and fuel	47	50
Lease rentals*	24	25
Repairs and maintenance		
- Buildings	85	62
- Machinery	11	6
Insurance	25	27
Rates and taxes	137	124
Foreign exchange loss, net	-	258
Other expenses	578	388
Total	**4,599**	**3,092**

* Represents lease rentals for short term leases and leases of low value assets.

25 Auditor's remuneration

Particulars	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Payment to Auditor as:		
(a) auditor	5	5
(b) for taxation matters#	-	-
(c) for other services*##	1	1
(d) for reimbursement of expenses	-	-
Total	**6**	**6**

* The above excludes amounts paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India, for the quarter ended June 30, 2021 is Rs 3 (for the quarter ended June 30, 2020 is Rs 3).

Represents payment towards tax-audit services.

Represents payment towards audit of IFRS financial statements and other attestation engagements.

26 Earnings per share (EPS)

Particulars	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Profit for the period (A)	3,434	2,130
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,725,871	164,573,709
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,870,809	164,759,042
Earnings per share:		
Equity shares of par value Rs 10 each		
(1) Basic (Rs) (A/B)	20.85	12.94
(2) Diluted (Rs) (A/C)	20.83	12.93

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

Particulars	For the quarter ended June 30, 2021		For the quarter ended June 30, 2020	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	164,725,871	164,725,871	164,573,709	164,573,709
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	144,938	-	185,333
Weighted average number of equity shares for calculation of earnings per share	164,725,871	164,870,809	164,573,709	164,759,042

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

27 Government grants

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

Nature of expenses	For the quarter ended	
	June 30, 2021	June 30, 2020
Grant towards R & D credit	6	5
Total	**6**	**5**

The grant recognized in the balance sheet is Rs 40 as at June 30, 2021 (As at March 31, 2020 is Rs 79).

b) During the quarter ended June 30, 2021, the Group received government grants amounting to Rs 1 from governments of various countries on compliance of several employment-related conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted as a credit to employee benefits expense (refer note 20). For the quarter ended June 30, 2020 Rs 33.

28 Other Comprehensive Income (OCI)

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

During the quarter ended June 30, 2021

Particulars	Effective portion of Cash Flow Hedges	FCTR	Other items of Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	28	28
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(6)	(6)
	-	**-**	**22**	**22**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	(80)	-	-	(80)
(ii) Income tax relating to items that will be reclassified to profit or loss	28	-	-	28
	(52)	**-**	**-**	**(52)**
Total	**(52)**	**-**	**22**	**(30)**

During the quarter ended June 30, 2020

Particulars	Effective portion of Cash Flow Hedges	FCTR	Other items of Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(14)	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	3	3
	-	**-**	**(11)**	**(11)**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	1,391	-	-	1,391
(ii) Income tax relating to items that will be reclassified to profit or loss	(486)	-	-	(486)
	905	**-**	**-**	**905**
Total	**905**	**-**	**(11)**	**894**

29 Leases

a) **Group as a lessee**
Leases not yet commenced to which the Group is committed, amounts to Rs Nil as at June 30, 2021 (As at March 31, 2021: Rs 839 for a lease term of 10 years).

b) **Group as a lessor**
The Group has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the quarter ended June 30, 2021 amounted to Rs 8 (For the quarter ended June 30, 2020 amounted to Rs 10).

Particulars	As at	
	June 30, 2021	March 31, 2021
Receivable – Not later than one year	28	26
Receivable – Later than one year and not later than five years	46	38

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

30 Financial instruments

The carrying value and fair value of financial instruments by categories as at June 30, 2021 and March 31, 2021 is as follows:

Particulars	**Carrying value**		**Fair value**	
	June 30, 2021	**March 31, 2021**	**June 30, 2021**	**March 31, 2021**
Financial assets				
Amortized cost				
Trade receivable	14,188	12,742	14,188	12,742
Cash and cash equivalents	4,051	7,597	4,051	7,597
Other financial assets	3,560	2,055	3,560	2,055
Investment in term deposit (unquoted)	4,831	1,821	4,831	1,821
Investment in debt securities (quoted)	1,019	949	1,019	949
Investment in commercial paper (unquoted)	344	340	344	340
FVTOCI				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	7	7	7	7
Derivative financial instruments - cash flow hedge	2,066	2,088	2,066	2,088
FVTPL				
Investments in mutual fund (quoted)	18,465	17,036	18,465	17,036
Investments in perpetual bonds (quoted)	315	314	315	314
Derivative financial instruments - fair value hedge	34	5	34	5
Total assets	**48,881**	**44,955**	**48,881**	**44,955**
Financial liabilities				
Amortized cost				
Lease liabilities	5,767	5,377	5,767	5,377
Trade payables	3,964	2,676	3,964	2,676
Other financial liabilities	3,454	5,223	3,454	5,223
FVTOCI				
Derivative financial instruments - cash flow hedge	62	2	62	2
FVTPL				
Derivative financial instruments - fair value hedge	40	31	40	31
Total liabilities	**13,287**	**13,309**	**13,287**	**13,309**

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 fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

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

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

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

iii) Fair values of the Group’s interest-bearing borrowings and loans are determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at June 30, 2021 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 and option contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at June 30, 2021 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, as applicable. 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. Also refer note 31.

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

31 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at June 30, 2021 and March 31, 2021.
Quantitative disclosures of fair value measurement hierarchy for financial assets as at June 30, 2021:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 30, 7.2 & 9.4)	June 30, 2021	2,100	-	2,100	-
FVTOCI financial assets designated at fair value (Notes 30 & 7.1):					
Investment in equity instruments (unquoted)	June 30, 2021	1	-	-	1
Investment in preference shares (unquoted)	June 30, 2021	7	-	-	7
FVTPL financial assets designated at fair value (Notes 30, 7.1 & 9.1):					
Investment in mutual funds (quoted)	June 30, 2021	18,465	18,465	-	-
Investment in perpetual bonds (quoted)	June 30, 2021	315	315	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 30, 13.1 & 14.2):	June 30, 2021	102	-	102	-

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

Quantitative disclosures of fair value measurement hierarchy for financial assets as at March 31, 2021:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 30, 7.2 & 9.4)	March 31, 2021	2,093	-	2,093	-
FVTOCI financial assets designated at fair value (Notes 30 & 7.1):					
Investment in equity instruments (unquoted)	March 31, 2021	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2021	7	-	-	7
FVTPL financial assets designated at fair value (Note 30, 7.1 & 9.1):					
Investment in mutual funds (quoted)	March 31, 2021	17,036	17,036	-	-
Investment in perpetual bonds (quoted)	March 31, 2021	314	314	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 30, 13.1 & 14.2):	March 31, 2021	33	-	33	-

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

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

Particulars	**As at**	
	June 30, 2021	**March 31, 2021**
Opening balance	8	8
Remeasurement recognised in OCI	-	-
Purchases	-	-
Sales	-	-
Closing balance	**8**	**8**

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

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

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and certain Highly Probable Forecast Exposures (HPFE) denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and HPFE. The Group regularly reviews its foreign exchange forward and option positions both on a standalone basis and in conjunction with its underlying foreign currency related exposures. Hence, the movement in Mark To Market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Group. The Group monitors the potential risk arising out of the market factors like exchange rates on a regular basis. The counterparty in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material. For on balance sheet exposures, the Group monitors the risks on net unhedged exposures. The Group has evaluated the impact of the COVID-19 event on its highly probable forecasted transactions and concluded that there was no impact on the probability of occurrence of the hedged transaction. The Group has considered the effect of changes, if any, in both counterparty credit risk and its own credit risk in assessing hedge effectiveness and measuring hedge ineffectiveness.

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

Particulars	As at June 30, 2021	As at March 31, 2021
Non-designated derivative instruments:		
in USD millions	1,251	1,146

The foreign exchange forward and option contracts mature anywhere between 1-36 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	June 30, 2021		March 31, 2021	
	Not later than 12 months	Later than 12 months	Not later than 12 months	Later than 12 months
Forward Contracts				
Non-designated derivative instruments (Sell)				
Cash Flow Hedge				
in USD millions	507	601	409	587
Average rate	77.84	82.47	77.18	81.94
in INR millions	39,464	49,565	31,565	48,100
Fair Value Hedge				
in USD millions	128	-	132	-
Average rate	74.77	-	73.30	-
in INR millions	9,570	-	9,675	-
Option contracts (three legged option contracts)				
Non-designated derivative instruments				
Number of contracts	12	3	12	6
Notional amount (in USD millions)	12	3	12	6
Fair value (in INR millions)	23	5	24	10

Refer notes 28, 30 and 32

Reconciliation of cash flow hedges:

Particulars	For the period ended June 30, 2021 #	June 30, 2020	March 31, 2021
Balance at the beginning of the period	1,352	(2,035)	(2,035)
Gain/ (loss) recognized in the other comprehensive income during the period	121	905	4,948
Amount reclassified to profit and loss during the period	(201)	486	258
Tax impact on the above	28	(486)	(1,819)
Balance at the end of the period	**1,300**	**(1,130)**	**1,352**

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

32 Financial risk management

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

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Ratings of customers are periodically monitored. The Group has considered the latest available credit-ratings of customers in view of COVID-19 to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

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

Particulars	For the period ended	
	June 30, 2021	June 30, 2020
Revenue from top customer	6,254	5,754
Revenue from top 5 customers	8,792	8,196

One customer accounted for more than 10% of the revenue for the quarters ended June 30, 2021 and June 30, 2020. Further, one customer accounted for more than 10% of the receivables as at June 30, 2021 and June 30, 2020.

Investments

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

Liquidity risk

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

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

The working capital position of the Group is given below:

Particulars	As at June 30, 2021	As at March 31, 2021
Cash and cash equivalents	4,051	7,597
Investments in mutual funds (quoted)	18,465	16,975
Investments in non-convertible bonds/ debentures (quoted)	53	171
Investment in term deposit (unquoted)	4,580	1,821
Investment in commercial paper (unquoted)	344	340
Total	**27,493**	**26,904**

The table below provides details regarding the contractual maturities of significant financial liabilities as at June 30, 2021 and March 31, 2021:

Particulars	As at June 30, 2021		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,341	1,188	5,314
Trade payables	3,964	-	-
Other financial liabilities	3,448	6	-
Derivative financial instruments - fair value hedge	40	-	-
Derivative financial instruments - cash flow hedge	32	23	7

Particulars	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,320	1,129	4,851
Trade payables	2,676	-	-
Other financial liabilities	5,217	6	-
Derivative financial instruments - fair value hedge	31	-	-
Derivative financial instruments - cash flow hedge	2	-	-

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 years and may continue to fluctuate substantially in the future. The Group has a foreign exchange hedging committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

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

Consequently, the Group uses derivative financial instruments, such as foreign exchange forward contracts 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 contracts and option contracts are given under the derivative financial instruments section.

In respect of the Group's forward and options contracts, a 1% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted
a) an approximately Rs 95 increase and Rs 95 decrease in the Group's net profit in respect of its fair value hedges and Rs 835 increase and Rs 835 decrease in the Group's effective portion of cash flow hedges as at June 30, 2021;
b) an approximately Rs 80 increase and Rs 80 decrease in the Group's net profit in respect of its fair value hedges and Rs 652 increase and Rs 652 decrease in the Group's effective portion of cash flow hedges as at June 30, 2020

The following table presents foreign currency risk from non-derivative financial instruments as of June 30, 2021 and March 31, 2021.

As at June 30, 2021 — **Rs in million**

Particulars	US $	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	9,896	1,813	1,073	930	13,712
Unbilled revenue	1,850	452	292	142	2,736
Cash and cash equivalents	1,555	353	254	258	2,420
Other assets	29	10	15	9	63
Liabilities					
Lease liabilities	2,340	13	183	31	2,567
Trade payables	2,147	216	432	111	2,906
Other liabilities	1,957	123	147	58	2,285
Net assets/liabilities	**6,886**	**2,276**	**872**	**1,139**	**11,173**

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

As at March 31, 2021 — **Rs in million**

Particulars	US $	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	8,991	1,491	930	644	12,056
Unbilled revenue	1,206	296	114	118	1,734
Cash and cash equivalents	6,214	228	278	422	7,142
Other assets	35	13	12	6	66
Liabilities					
Lease liabilities	2,370	15	192	34	2,611
Trade payables	1,273	112	262	67	1,714
Other liabilities	2,676	96	285	75	3,132
Net assets/liabilities	**10,127**	**1,805**	**595**	**1,014**	**13,541**

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

For the quarter ended June 30, 2021, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.3%/ (0.3)%. For the quarter ended June 30, 2020, the impact on operating margins would be 0.3%/ (0.3)%.

Interest rate risk

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

33 Capital management

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

The capital structure is as follows:

Particulars	As at June 30, 2021	As at March 31, 2021
Total equity attributable to the equity shareholders of the Group	46,630	43,190
As percentage of total capital	89%	89%
Total loans and borrowings	-	-
Total lease liabilities	5,767	5,377
Total loans, borrowings and lease liabilities	5,767	5,377
As a percentage of total capital	11%	11%
Total capital (loans, borrowings, lease liabilities and equity)	**52,397**	**48,567**

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

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

34 Related party transaction

Name of related party	Nature of relationship
Larsen & Toubro Limited	Parent Company
Larsen & Toubro Infotech Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Investment Management Limited*	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
Mindtree Foundation	Entity with common key managerial person
Bridgeweave Limited	Entity with common key managerial person
Music Broadcast Limited	Entity with common key managerial person
Mindtree Limited Employees Gratuity Fund Trust	Gratuity Trust

* Investment Manager for L&T Mutual Fund.

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Mindtree Foundation	Donation paid (refer note 38)	37	3
Bridgeweave Limited	Software services rendered	13	7
Mindtree Limited Employees Gratuity Fund Trust	Contribution for Gratuity	45	8
L&T Mutual Fund	Purchase of investments	600	520
	Proceeds from sale of investments	342	-
Larsen & Toubro Limited	Software services rendered	10	7
	Reimbursement income	4	-
	Services received	2	-
	Management fee expense	29	-
	Reimbursement of personnel cost	-	91
	Guarantee charges	4	-
Larsen & Toubro Infotech Limited	Software services rendered	32	12
	Software services received	33	-
L&T Technology Services Limited	Software services rendered	14	17
	Software services received	2	2
L&T Thales Technology Services Private Limited	Software services rendered	17	-

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at June 30, 2021	As at March 31, 2021
Larsen & Toubro Limited	Trade Payables	34	6
Larsen & Toubro Infotech Limited	Trade Payables	25	10
L&T Technology Services Limited	Trade Payables	4	3
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	70	76

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at June 30, 2021	As at March 31, 2021
Bridgeweave Limited	Trade receivables	-	28
	Unbilled revenue	27	15
Larsen & Toubro Infotech Limited	Trade receivables	19	13
	Unbilled revenue	5	5
Larsen & Toubro Limited	Trade receivables	1	8
	Unbilled revenue	10	-
L&T Technology Services Limited	Trade receivables	5	6
	Unbilled revenue	14	1
L&T Thales Technology Services Private Limited	Trade receivables	32	-
	Unbilled revenue	-	13

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

Off balance sheet items with reference to related parties are as follows:

Name of related party	Nature of balance	As at June 30, 2021	As at March 31, 2021
Larsen & Toubro Limited	Guarantee*	5,289	5,147

* Performance guarantee given on behalf of the Company.

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

Key Managerial Personnel (KMP):

Anilkumar Manibhai Naik	Non-Executive Chairman
Debashis Chatterjee	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyan	Non-Executive Vice Chairman
Ramamurthi Shankar Raman	Non-Executive Director
Jayant Damodar Patil[7]	Non-Executive Director
Prasanna Rangacharya Mysore	Independent Director
Deepa Gopalan Wadhwa	Independent Director
Apurva Purohit	Independent Director
Milind Sarwate[1]	Independent Director
Akshaya Bhargava[9]	Independent Director
Bijou Kurien[10]	Independent Director
Chandrasekaran Ramakrishnan[4]	Independent Director
Senthil Kumar[2]	Chief Financial Officer
Vinit Ajit Teredesai[3]	Chief Financial Officer
Dayapatra Nevatia[5]	Executive Director and Chief Operating Officer
Venugopal Lambu[6]	Executive Director and President - Global Markets
Vedavalli Sridharan[8]	Company Secretary
Subhodh Shetty[8]	Company Secretary

[1]Mr. Milind Sarwate, Independent Director resigned from the Board with effect from April 24, 2020.

[2] Mr. Senthil Kumar resigned as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020 and continues as AVP & Finance Controller with effect from June 15, 2020.

[3] Mr. Vinit Ajit Teredesai was appointed as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020.

[4]The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Chandrasekaran Ramakrishnan as Independent Director with effect from July 15, 2020 for a term of five years upto July 14, 2025, and the same was approved by shareholders through Postal Ballot on December 09, 2020.

[5]The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Dayapatra Nevatia, Chief Operating Officer as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025, and the same was approved by shareholders through Postal Ballot on December 09, 2020.

[6]The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Venugopal Lambu, President - Global Markets as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025, and the same was approved by shareholders through Postal Ballot on December 09, 2020.

[7]Mr. Jayant Damodar Patil, Non-Executive Director has resigned from the Board of Directors of the Company with effect from the close of business hours on October 15, 2020, due to other commitments and the Board of Directors have accepted the same.

[8]Ms. Vedavalli Sridharan has resigned as the Company Secretary of the Company and Compliance Officer and her resignation is effective from the close of business hours on October 31, 2020. The Nomination and Remuneration Committee and the Board of Directors have appointed Mr. Subhodh Shetty as Company Secretary and Compliance Officer effective November 01, 2020.

[9]The Board of Directors at its meeting held on April 16, 2021 have approved the re-appointment of Mr. Akshaya Bhargava, Independent Director, for a second-term of 5 years from October 1, 2021 upto September 30, 2026, subject to the approval of the shareholders.

[10]The Board of Directors at its meeting held on April 16, 2021 have approved the re-appointment of Mr. Bijou Kurien, Independent Director, for a second-term of 5 years from July 17, 2021 upto July 16, 2026, subject to the approval of the shareholders.

Transactions with key managerial personnel

Dividends paid to directors during the quarters ended June 30, 2021 and June 30, 2020 amounts to Rs Nil. Further, during the quarter ended June 30, 2021, 4,400 (June 30, 2020: Nil) shares were allotted to the key managerial personnel.

Compensation of key managerial personnel of the Group

Particulars	**For the quarter ended***	
	June 30, 2021	**June 30, 2020**
Short-term employee benefits	66	30
Share-based payment transactions	13	6
Others	9	7
Total compensation paid to key managerial personnel	**88**	**43**

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

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

35 Contingent liabilities

Particulars	As at June 30, 2021	As at March 31, 2021
Claims against the Group not acknowledged as debts	824	824

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 with Commissioner of Income Tax (Appeals) 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 favorable order from the Commissioner of Income Tax (Appeals) for the financial 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 financial year 2004-05 and on the unfavorable grounds, the Group had filed an appeal with ITAT, Bengaluru. ITAT has issued a favorable order in connection with TP proceedings. Order giving effect to the ITAT order is yet to be received.
The Group has received the order from ITAT for the financial year 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 was pending with Assessing Officer. The Assessing Officer has passed the final assessment order and the Group has filed an appeal against the same before the ITAT.
The Group has received the order from ITAT for the financial year 2007-08 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received.

The Group has received revised order for the financial year 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 financial 2008-09 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received. During the year ended March 31, 2020, the Group has filed a writ petition with the Hon'ble High Court of Karnataka to stay the proceedings of the assessing officer for the financials years 2007-08 and 2008-09.

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 favorable 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 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 for dues up to June 2016, and excludes any additional interest that may be determined by the authorities from that date till resolution of the dispute, 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. In view of the changes in the regulations with the new wage code and social security code, the Group, supported by legal advice, continues to re-estimate the probability of any liability arising from this matter and has accordingly recognized a provision of Rs 672 (March 31, 2021: Rs 659), including estimated interest, as on the date of the balance sheet.

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

36 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2021 is Rs 1,025 (As at March 31, 2021: Rs 431).

37 Segment information

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

The Group is structured into five reportable business segments – RCM, BFSI, CMT, TTH and HCARE. With effect from April 1, 2021, the Group has expanded its foray into Healthcare industry and has revisited the classification of existing customers. This has resulted in HCARE being introduced as a new segment and expanding the TTH segment to include customers who were involved directly or indirectly with the real estate sector. Accordingly, the Group has regrouped certain customers between the segments and the comparative numbers have been restated to give effect to such change. The reportable business segments are in line with the segment-wise information which is being presented to the CODM.

Each segment item is presented at the measured used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Geographic information is based on business sources from that geographic region and delivered from both on-site and off-shore. The geographic regions comprise of North America, Continental Europe, UK and Ireland and Asia Pacific (includes Rest of the World). For and prior to the quarter ended June 30, 2020 the geographic regions were classified as America comprising of United States of America and Canada, Europe including Continental Europe and United Kingdom; Rest of the world comprising of all other geographies except those mentioned above and India. Accordingly, the comparative numbers have been restated to give effect to the change in geographic information.

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

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

Industry Segments:

Statement of income	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Segment revenue from external customers		
RCM	5,059	3,887
BFSI	4,162	3,879
CMT	10,420	8,990
TTH	3,053	2,121
HCARE	223	211
Total	**22,917**	**19,088**
Segment operating income/ (loss)		
RCM	550	799
BFSI	902	793
CMT	2,550	1,846
TTH	582	(38)
HCARE	61	78
Total	**4,645**	**3,478**
Depreciation and amortization expense	(582)	(597)
Profit for the year before finance expenses, other income and tax	**4,063**	**2,881**
Finance costs	(129)	(131)
Other income	262	351
Interest income	90	55
Foreign exchange gain/ (loss)	366	(258)
Net profit before taxes	**4,652**	**2,898**
Income taxes	(1,218)	(768)
Net profit after taxes	**3,434**	**2,130**

Other information	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Other significant non-cash expense (Allocable)		
RCM	17	5
BFSI	11	(1)
CMT	13	6
TTH	(6)	7
HCARE	-	-

Geographical information

	For the quarter ended	
Revenues	**June 30, 2021**	**June 30, 2020**
North America	17,558	15,087
Continental Europe	1,965	1,256
UK and Ireland	1,747	1,238
Asia Pacific	1,647	1,507
Total	**22,917**	**19,088**

Note:

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

Refer note 32 on Financial risk management for information on revenue from major customers.

38 Total expenditure incurred on Corporate Social Responsibility (CSR) activities during the quarter ended June 30, 2021 is Rs 38 (during the quarter ended June 30, 2020 is Rs 66). The Company's CSR activities primarily focuses on programs that benefit the differently abled, promote education and create sustainable livelihood opportunities. Refer Note 34 for details of related party transactions. The Company believes that the other disclosures pertaining to CSR, as prescribed by amended Schedule III of the Companies Act, 2013 are relevant for annual financial statements. Accordingly, the Company will consider these disclosures in its consolidated annual financial statements.

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

39 The Company, in an earlier year, had entered into a lease arrangement with a lessor for lease of a piece of land for a period of 30 years. Also, the Company had purchased two buildings constructed by the lessor on the above referred land vide a separate purchase agreement and capitalized in the books of account. During the financial year 2019-20, the Company received a communication from the lessor wherein it is mentioned that the lessor would like to convert the existing lease into a regular commercial lease agreement and would like to refund the residual value of the deposits and the value of the buildings under the present agreements and enter into a fresh agreement. During the previous year, the Company has completed the sale of the said buildings and termination of lease for the said land for a price equivalent to their written down values. Accordingly, the said buildings and the land have been derecognised. On entering into a regular commercial lease agreement, right-of-use asset and lease liability has been accounted in accordance with Ind AS 116 'Leases'. Accordingly, in the previous year, the improvements made to buildings earlier was reclassified to "leasehold improvements" (refer notes 3 and 5).

40 The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Group will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

41 **Dues to micro, small and medium enterprises**

	Particulars	**For the quarter ended**	
		June 30, 2021	**March 31, 2021**
a)	The principal amount remaining unpaid to any supplier at the end of each accounting period;	39	43
b)	The interest due thereon remaining unpaid to any supplier at the end of each accounting period;	-	-
c)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting period;	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e)	The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006;	-	-

42 The Company entered into a Business Transfer Agreement on May 20, 2021 to acquire the digital transformation business undertaking (Industry 4.0), incubated and conducted under L&T-NxT ('NxT Digital Business') from Larsen & Toubro Limited for a cash consideration of Rs 1,980 and net working capital as on the closing date. Subsequent to the quarter end, the Company has consummated the above acquisition on July 1, 2021.

43 **Financial ratios**

	Ratio / Measure *	**Methodology**	**June 30, 2021**	**June 30, 2020**	**March 31, 2021**
a)	Current ratio	Current assets over current liabilities	3.08	2.66	2.87
b)	Debt equity ratio[1]	Debt over total shareholders' equity	0.12	0.17	0.12
c)	Debt service coverage ratio[2]	EBIT over current debt	18.49	12.95	15.79
d)	Return on equity %	PAT over total average equity	30.6%	25.7%	29.7%
e)	Trade receivables turnover ratio[3]	Revenue from operations over average trade receivables	6.81	5.44	5.87
f)	Trade payables turnover ratio	Adjusted expenses over average trade payables	5.45	4.68	4.54
g)	Net capital turnover ratio	Revenue from operations over average working capital	2.92	3.63	3.24
h)	Net profit %[4]	Net profit over revenue	15.0%	11.2%	13.9%
i)	EBITDA %	EBITDA over revenue	20.3%	18.2%	20.8%
j)	Return on capital employed %	EBIT over average capital employed	37.9%	31.1%	36.1%
k)	Return on investment[5]	Interest income, net gain on sale of investments and net fair value gain over average investments.	5.4%	10.7%	6.9%

* Annualised where applicable.

Notes:
EBIT - Earnings before interest and taxes.
PBIT - Profit before interest and taxes including other income.
EBITDA - Earnings before interest, taxes, depreciation and amortisation.
PAT - Profit after taxes.
Debt includes current and non-current lease liabilities.
Adjusted expenses refers to other expenses net of non-cash expenses and donations.
Capital employed refers to total shareholders' equity and debt.
Investments includes non-current investment, current investment and margin-money deposit.

Explanation for variances exceeding 25%:

[1]Debt equity ratio has improved between June 30, 2021 and June 30, 2020 on account of reduction in lease liabilities and increase in retained earnings.

[2]Debt service coverage ratio has improved between June 30, 2021 and June 30, 2020 as EBIT has increased due to better operational margins.

[3]Trade receivables turnover ratio has improved between June 30, 2021 and June 30, 2020 due to improvement in collections.

[4]Net profit ratio has improved between June 30, 2021 and June 30, 2020 mainly on account of improvement in EBITDA and foreign exchange gain as against foreign exchange loss for the comparative period.

[5]Return on investment reduced due to reduction in gain on investments designated at fair value through profit or loss due to external market conditions and interest rate movement during the current period coupled with higher investment-base compared to quarter ended June 30, 2020

44 **Statement of Net assets and Profit or loss attributable to owners and minority interest**

Name of the entity	**Net assets, i.e. total assets minus total liabilities**		**Share in profit or loss for the quarter ended June 30, 2021**		**Share in other comprehensive income for the quarter ended June 30, 2021**		**Share in total comprehensive income for the quarter ended June 30, 2021**	
	As % of consolidated net assets	**Amount**	**As % of consolidated profit or loss**	**Amount**	**As % of consolidated other comprehensive income**	**Amount**	**As % of total comprehensive income**	**Amount**
Parent								
Mindtree Limited*	99.96%	46,613	100.03%	3,435	100.00%	(30)	100.03%	3,405
Foreign subsidiary								
Mindtree Software (Shanghai) Co. Ltd	0.04%	17	-0.03%	(1)	0.00%	-	-0.03%	(1)

*after adjusting inter company transactions and balances and includes goodwill and intangible assets arising on account of acquisition.

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

45 The consolidated interim financial statements are presented in Rs in million. Those items which are required to be disclosed and which were not presented in the consolidated interim financial statement due to rounding off to the nearest Rs in million are given below as applicable:

Balance sheet items		**Amount in Rs**
Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Share application money pending allotment (refer note 12)	126,000	52,000
Cash on hand (refer note 9.3)	32,432	32,432
12,640 (March 31, 2021: 12,640) equity shares in Worldcast Technologies Private Limited (refer note 7.1)	-	126,400

Statement of profit and loss items		**Amount in Rs**
Particulars	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Interest expense on financial instruments designated at amortized cost	-	22,905

Related party transactions (refer note 34)		**Amount in Rs**
Particulars	**For the quarter ended**	
	June 30, 2021	**June 30, 2020**
Larsen & Toubro Limited - Reimbursement of travel and other expenses	26,719	22,000

Related party balances (refer note 34)		**Amount in Rs**
Particulars	**As at June 30, 2021**	**As at March 31, 2021**
Bridgeweave Limited - Trade receivables *	10,249	-
L&T Thales Technology Services Private Limited - Unbilled revenue *	157,439	-

* Comparative numbers are presented in respective notes.

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

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

Monisha Parikh
Partner
Membership No.: 47840

Ramamurthi Shankar Raman
Non-Executive Director
DIN: 00019798
Place: Mumbai

Debashis Chatterjee
CEO & Managing Director
DIN: 00823966
Place: Mumbai

Vinit Ajit Teredesai
Chief Financial Officer
Place: Mumbai

Date : July 13, 2021

Subhodh Shetty
Company Secretary
M No.: A13722
Place: Mumbai

Place: Bengaluru
Date : July 13, 2021