

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Rupees in millions, except share data)			
	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Goodwill	4a	4,732	4,732
Other intangible assets	4b	73	214
Property, plant and equipment	5	4,438	3,263
Right-of-use assets	6	4,724	4,773
Investments	7	3,116	1,161
Derivative financial instruments		1,787	1,225
Deferred tax assets	20	-	351
Non-current tax assets		1,219	1,593
Other non-current assets	11	744	548
Total non-current assets		20,833	17,860
Inventories	8	41	-
Investments	7	22,391	19,307
Trade receivables	9	17,313	12,742
Unbilled revenues		6,131	3,553
Derivative financial instruments		1,703	868
Cash and cash equivalents	10	10,513	7,597
Other current assets	11	2,648	1,687
Total current assets		60,740	45,754
TOTAL ASSETS		81,573	63,614
EQUITY			
Share capital	12	1,648	1,647
Share premium		507	399
Retained earnings		48,081	38,729
Other components of equity		4,507	2,419
Equity attributable to owners of the Company		54,743	43,194
TOTAL EQUITY		54,743	43,194
LIABILITIES			
Lease liabilities		4,661	4,492
Derivative financial instruments		1	-
Deferred tax liabilities	20	161	-
Other non-current liabilities	18	3	6
Total non-current liabilities		4,826	4,498
Lease liabilities		896	885
Trade payables and accrued expenses	15	5,357	2,676
Unearned revenue	16	775	322
Current tax liabilities		2,110	2,378
Derivative financial instruments		12	33
Employee benefit obligations	17	1,743	1,520
Other current liabilities	18	10,199	7,318
Provisions	19	912	790
Total current liabilities		22,004	15,922
TOTAL LIABILITIES		26,830	20,420
TOTAL EQUITY AND LIABILITIES		81,573	63,614

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		(Rupees in millions, except share data)	
		Year ended	
	Note	March 31, 2022	March 31, 2021
Revenues	21	105,253	79,678
Cost of revenues	23	(72,316)	(55,544)
Gross profit		32,937	24,134
Selling, general and administrative expenses	23	(13,401)	(10,163)
Results from operating activities		19,536	13,971
Foreign exchange gain/(loss)		1,530	286
Finance expenses	25	(502)	(504)
Finance and other income	22	1,543	1,231
Profit before tax		22,107	14,984
Income tax expense	20	(5,578)	(3,879)
Profit for the year		16,529	11,105
Attributable to:			
Owners of the Company		16,529	11,105
Earnings per share:	26		
Equity shares of par value Rs 10 each			
Basic (Rs)		100.31	67.44
Diluted (Rs)		100.25	67.41
Weighted average number of equity shares used in computing earnings per share:			
Basic		164,779,774	164,661,734
Diluted		164,884,399	164,742,573

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Rupees in millions, except share data)
Year ended
March 31, 2022 **March 31, 2021**

Profit for the year	16,529	11,105
<i>Other comprehensive income, net of taxes</i>		
Items that will not be reclassified subsequently to profit or loss		
- Remeasurement gains/ (losses) on defined benefit plans	83	(89)
Items that may be reclassified subsequently to profit or loss		
- Net change in fair value of cash flow hedges	893	3,387
Total other comprehensive income, net of taxes	976	3,298
Total comprehensive income for the year	17,505	14,403
Attributable to:		
Owners of the Company	17,505	14,403

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital*	Share premium*	Retained earnings*	Other components of equity*						Equity attributable to owners of the Company	Total equity
					Share based payment reserve	Special Economic Zone reinvestment reserve	Capital redemption reserve	Other reserves	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve		
Balance as at April 1, 2020	164,574,066	1,646	299	30,767	101	1,218	42	(50)	(2,035)	(416)	31,572	31,572
Issue of equity shares on exercise of options/ restricted shares	145,700	1	-	-	-	-	-	-	-	-	1	1
Profit for the year	-	-	-	11,105	-	-	-	-	-	-	11,105	11,105
Other comprehensive income	-	-	-	-	-	-	-	(89)	3,387	-	3,298	3,298
Created during the year	-	-	-	(848)	-	848	-	-	-	-	-	-
Utilised during the year	-	-	-	584	-	(584)	-	-	-	-	-	-
Transferred to share premium on allotment against stock options	-	-	100	-	(100)	-	-	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 24)	-	-	-	-	99	-	-	-	-	-	99	99
Transfer on account of share options not exercised	-	-	-	2	(2)	-	-	-	-	-	-	-
Cash dividend paid (refer note 12.a)	-	-	-	(2,881)	-	-	-	-	-	-	(2,881)	(2,881)
As at March 31, 2021	164,719,766	1,647	399	38,729	98	1,482	42	(139)	1,352	(416)	43,194	43,194
Balance as at April 1, 2021	164,719,766	1,647	399	38,729	98	1,482	42	(139)	1,352	(416)	43,194	43,194
Issue of equity shares on exercise of options/ restricted shares	114,006	1	-	-	-	-	-	-	-	-	1	1
Profit for the year	-	-	-	16,529	-	-	-	-	-	-	16,529	16,529
Other comprehensive income	-	-	-	-	-	-	-	83	893	-	976	976
Created during the year	-	-	-	(2,717)	-	2,717	-	-	-	-	-	-
Utilised during the year	-	-	-	1,927	-	(1,927)	-	-	-	-	-	-
Transferred to share premium on allotment against stock options	-	-	108	-	(108)	-	-	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 24)	-	-	-	-	430	-	-	-	-	-	430	430
Cash dividend paid (refer note 12.a)	-	-	-	(4,531)	-	-	-	-	-	-	(4,531)	(4,531)
Impact on account of business combination (refer note 36)	-	-	-	(1,856)	-	-	-	-	-	-	(1,856)	(1,856)
As at March 31, 2022	164,833,772	1,648	507	48,081	420	2,272	42	(56)	2,245	(416)	54,743	54,743

* Refer note 12.

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

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(Rupees in millions)

Year ended

March 31, 2022 March 31, 2021

Cash flow from operating activities		
Profit for the year	16,529	11,105
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,086	922
Amortization of other intangible assets	212	593
Depreciation of right-of-use assets	1,122	1,081
Impairment loss recognized on non-current assets held for sale	-	2
Share based payments to employees	430	99
Allowance for expected credit losses (net)	85	136
Finance expenses	502	504
Income tax expense	5,578	3,879
Interest income	(426)	(166)
Loss/ (gain) on sale of property, plant and equipment	(9)	(45)
Loss/ (gain) on disposal of right-of-use assets	-	(33)
Net gain on financial assets designated at fair value through profit or loss	(832)	(909)
Unrealised exchange difference on lease liabilities	84	(59)
Unrealised exchange difference on fair value hedge	(50)	(213)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(363)	214
	<u>23,948</u>	<u>17,110</u>
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(4,524)	1,511
Inventories	4	-
Unbilled revenues	(2,578)	(405)
Other assets	(1,093)	45
Bank balances other than cash and cash equivalents	-	1,961
Trade payables and accrued expenses	2,517	122
Unearned revenues	453	(19)
Other liabilities	2,107	2,803
Net cash provided by operating activities before taxes	20,834	23,128
Income taxes paid, net of refunds	(5,464)	(3,168)
Net cash provided by operating activities	15,370	19,960
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,982)	(673)
Proceeds from sale of property, plant and equipment	10	59
Payment towards initial direct cost of right-of-use assets	-	(5)
Payment towards transfer of business (refer note 36)	(1,076)	-
Interest income received from investments	273	168
Proceeds from sale of non-current assets held for sale	-	459
Purchase of investments	(37,428)	(35,976)
Proceeds from sale of investments	33,343	24,135
Net cash (used in) investing activities	(6,860)	(11,833)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	1
Payment of lease liabilities	(928)	(837)
Finance expenses (including interest towards lease liabilities - refer note 25)	(502)	(504)
Repayment of long-term borrowings	-	(5)
Dividends paid	(4,528)	(2,880)
Net cash (used in) financing activities	(5,957)	(4,225)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	363	(214)
Net increase in cash and cash equivalents	2,916	3,688
Cash and cash equivalents at the beginning of the year	7,597	3,909
Cash and cash equivalents at the end of the year (refer note 10)	10,513	7,597

MINDTREE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities from financing activities for the year ended March 31, 2022 **(Rupees in millions)**

Particulars	As at April 1, 2021	Proceeds/ Impact of IFRS 16	Repayment	Fair value changes	As at March 31, 2022
Lease liabilities	5,377	1,024	(928)	84	5,557
Total liabilities from financing activities	5,377	1,024	(928)	84	5,557

Reconciliation of liabilities from financing activities for the year ended March 31, 2021 **(Rupees in millions)**

Particulars	As at April 1, 2020	Proceeds/ Impact of IFRS 16	Repayment	Fair value changes	As at March 31, 2021
Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	610	(837)	(59)	5,377
Total liabilities from financing activities	5,668	610	(842)	(59)	5,377

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

Mindtree Limited and Subsidiaries

Notes to the consolidated financial statements

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

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shanghai) Co. Ltd, and Bluefin Solutions Sdn Bhd. (under liquidation) 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 33). 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, SAP services and solutions around Internet of Things (IoT) & Artificial Intelligence (AI)/ Machine Learning (ML).

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 financial statements were authorized for issuance by the Company's Board of Directors on April 18, 2022.

2. Basis of preparation of financial statements

(a) Statement of compliance

The consolidated financial statements (the 'financial statements') as at and for the year ended March 31, 2022 have been prepared in accordance with International Financial Reporting Standards and its interpretations ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Revenue recognition:

a) The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future 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 20.

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 analysing 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.

Mindtree Limited and Subsidiaries

Notes to the consolidated financial statements

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

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 inventories, trade receivables, 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.

vi) *Estimates and judgments relating to climate change risk:* In preparing these consolidated financial statements, the Group has considered the impact of climate change risks on the valuation of assets and liabilities and there is no material impact on the financial statements as on the reporting date.

3. Significant accounting policies

(i) Basis of consolidation

Subsidiaries

The financial statements incorporate the financial statements of the Company and the 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 un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

(ii) Functional and presentation currency

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

(iii) Foreign currency transactions and balances

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

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

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.

(iv) Financial instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, 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 or 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 rate method, less any impairment loss.

Financial assets at amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, investments, employee and other advances and eligible current and non-current assets.

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

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

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

(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 or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned is recognised under the effective interest rate (EIR) 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 consolidated statement of profit or 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 or 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 or 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 or 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 or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated statement of profit or loss upon the occurrence of the related forecasted transaction.

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 consolidated statement of profit or loss when the related hedged items affect profit or 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 or loss and reported within foreign exchange gains/ (losses).

Derecognition of financial instruments:

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. If the Group retains substantially all the risks and rewards of a transferred financial asset, the Group continues to recognise the financial asset and recognises a borrowing for the proceeds received.

A financial liability (or a part of a financial liability) is derecognised from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

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

(v) 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 shorter of estimated useful life or the related lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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

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

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

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

vi) Intangible assets

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

The estimated useful lives of intangible assets 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 to 5 years
Vendor relationship	6 years
Trade name	5.25 - 5.75 years
Technology	5.75 to 6 years
Non-compete agreement	5 years

(vii) Business combination, Goodwill and Intangible assets

a) Business combinations

Acquisitions which satisfy the optional concentration test as per IFRS 3 are considered as asset acquisitions and no goodwill is recognised. Purchase consideration is allocated to the identifiable assets based on their relative fair values. All other acquisitions are treated as business combinations.

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. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities, except to harmonise accounting policies. The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of the transferee. The difference between consideration paid and the net assets acquired, if any, is recorded under capital reserve / retained earnings, as applicable.

Transaction costs incurred in connection with a business combination are expensed as incurred. The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the statement of profit or loss.

b) Goodwill

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss.

c) Intangible assets

IFRS 3 'Business Combinations' requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

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(viii) 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, obtain substantially all the economic benefit from use of the identified asset and direct the use of the identified asset for a time in exchange for a consideration.

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 Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described under impairment of non-financial assets in (ix)(b) below.

The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise the option.

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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability 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.

(ix) Inventories

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost is determined using the weighted average method. Cost comprises of all costs of purchase and other costs incurred in bringing the inventory to its present location and condition.

(x) Impairment

a) Financial assets

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

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

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

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

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

- (i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. 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 or loss during the period. This amount is reflected under the head other expenses in the statement of profit or 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.

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

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

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

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

(xi) 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 social security plans, which are defined contribution schemes, are charged to the consolidated statement of profit or loss in the period in which the employee renders services.

b) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the 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.

All actuarial gains or losses are immediately recognized in other comprehensive income and permanently excluded from profit or loss. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset.

The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

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 or loss in subsequent periods.

c) Compensated absences

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

(xii) Share based payment transactions

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

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

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

The fair value of the amount payable to the employees in respect of phantom 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 or loss.

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(xiii) 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.

(xiv) 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.

Revenue from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognise revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenue when a performance obligation is satisfied. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Group allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the stand-alone selling price the Group uses third-party prices for similar deliverables or the Group uses expected cost-plus margin approach in estimating the stand-alone selling price.

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 is 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 or 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 In arrangements for software development and related services and maintenance services, the Group applies the guidance in IFRS 15, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Group measures the revenue in respect of distinct performance obligation at its standalone selling price, in accordance with principles given in IFRS 15.

The Group accounts for variable considerations like, volume discounts, rebates, pricing incentives to customers and penalties as reduction of revenue on a systematic and rational basis over the period of the contract. The Group estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Group may be entitled and when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Group expects to recover these costs and amortized over the contract term.

The Group recognises contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortized on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Group assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Group does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contract and are recognised in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses.

'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'.

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(xv) Warranty provisions

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

(xvi) 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 or loss, using the effective interest rate method.

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

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

(xvii) Income tax

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

a) Current income tax

Current income tax 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, except in respect of taxable temporary differences that is expected to reverse within the tax holiday period.

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.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is a right and an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(xviii) 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 treasury shares and 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 year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(xix) 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.

(xx) Government grants

Grants from the Government are recognised when there is reasonable assurance that:

- (i) the Group will comply with the conditions attached to them; and
- (ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the consolidated statement of profit or loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at fair value.

A repayment of government grant is accounted for as a change in accounting estimate. The repayment of asset-related grant increases the carrying amount of the asset. The cumulative depreciation which would have been charged had the grant not been received is charged to statement of profit or loss.

(xxi) Dividend and withholding 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 withholding tax.

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(xxii) Statement of cashflows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cashflows are segregated into and presented as cashflows from operating, investing and financing activities.

(xxiii) 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.

New standards, amendments and interpretations not yet adopted

New standards, amendments to standards and interpretations that could have potential impact on the consolidated financial statements:

a) Amendment to IAS 37 – Onerous contracts – cost of fulfilling a contract

On May 14, 2020, the IASB issued “Onerous contracts — cost of fulfilling a contract (Amendments to IAS 37)”, amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment specifies that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Group does not expect the amendment to have any significant impact on the consolidated financial statements.

b) IFRS 9 – Annual improvements to IFRS standards - 2018-2020

On May 14, 2020, IASB amended IFRS 9 as part of its Annual improvements to IFRS standards 2018-2020. The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. This amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Group does not expect the amendment to have any significant impact on the consolidated financial statements..

c) Amendments to IAS 16 - Property, plant and equipment

On May 14, 2020, IASB amended IAS 16 “Property, plant and equipment” which prohibits a company from deducting from the cost of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. This amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Group does not expect the amendment to have any significant impact on the consolidated financial statements.

d) IFRS 17 - Insurance contracts

On May 18, 2017, the International Accounting Standards Board issued IFRS 17, “Insurance contracts” that replaces IFRS 4, “Insurance contracts”. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The effective date of adoption of IFRS 17 is annual reporting periods beginning on or after January 1, 2023. The Group is yet to evaluate the requirements of IFRS 17 and the impact on the consolidated financial statements.

e) Amendments to IAS 1 – Presentation of financial statements

On January 23, 2020, the IASB issued “Classification of liabilities as current or non-current (Amendments to IAS 1)” providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangement in place at the reporting date. The amendments aim to promote consistency in applying the requirements by helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also clarified the classification requirements for debt a company might settle by converting it into equity. These amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively, with earlier application permitted. The Group is evaluating the effect of amendment to IAS 1 on the consolidated financial statements.

On February 12, 2021, the IASB amended IAS 1 “Presentation of financial statements” which require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The amendments also clarified that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. These amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively, with earlier application permitted. The Group is currently evaluating the impact of amendment to IAS 1 on the consolidated financial statements.

f) Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors

On February 12, 2021, the IASB amended IAS 8 “Accounting policies, changes in accounting estimates and errors” which introduced a definition of ‘accounting estimates’ and included amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively, with earlier application permitted. The Group is currently evaluating the impact of amendment to IAS 8 on the consolidated financial statements.

g) Amendments to IAS 12 – Income taxes

On May 7, 2021, the IASB amended IAS 12 “Income taxes” and published ‘Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)’ which narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. These amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively, with earlier application permitted. The Group is currently evaluating the impact of amendment to IAS 12 on the consolidated financial statement.

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4 Goodwill and other intangible assets

a. Goodwill

Particulars	As at	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	4,732	4,732
Balance at the end of the year	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 based on such evaluation as at March 31, 2022, 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, 2022	March 31, 2021
Discount rate	14.1% - 18.9%	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	March 31, 2022	March 31, 2021
RCM	2,442	2,442
BFSI	1,179	1,179
CMT	1,037	1,037
TTH	74	74
HCARE	-	-
Total	4,732	4,732

Mindtree Limited and Subsidiaries

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

4 Goodwill and other intangible assets

b. Other intangible assets

Particulars	Intellectual property	Computer software	Business alliance relationships	Customer relationships	Non compete agreement	Vendor relationships	Tradename	Technology	Total other intangible assets
Gross carrying value:									
As at April 1, 2020	67	1,183	71	1,329	56	745	306	262	4,019
Additions	-	48	-	-	-	-	-	-	48
As at March 31, 2021	67	1,231	71	1,329	56	745	306	262	4,067
Accumulated amortization:									
As at April 1, 2020	67	1,148	71	1,231	52	427	140	124	3,260
Amortization	-	37	-	98	4	150	166	138	593
As at March 31, 2021	67	1,185	71	1,329	56	577	306	262	3,853
Net carrying value as at March 31, 2021	-	46	-	-	-	168	-	-	214
Gross carrying value:									
As at April 1, 2021	67	1,231	71	1,329	56	745	306	262	4,067
Effect of common control business combination (refer note 36)	-	-	-	-	-	-	-	64	64
Additions	-	7	-	-	-	-	-	-	7
Disposal/Adjustments	-	9	-	-	-	-	-	-	9
As at March 31, 2022	67	1,229	71	1,329	56	745	306	326	4,129
Accumulated amortization:									
As at April 1, 2021	67	1,185	71	1,329	56	577	306	262	3,853
Amortization	-	36	-	-	-	168	-	8	212
Disposal/Adjustments	-	9	-	-	-	-	-	-	9
As at March 31, 2022	67	1,212	71	1,329	56	745	306	270	4,056
Net carrying value as at March 31, 2022	-	17	-	-	-	-	-	56	73
Estimated useful life (in years)	5	2	4	3 - 5	5	6	5.25 - 5.75	5.75 - 6	
Estimated remaining useful life (in years)	-	0.06 - 1.82	-	-	-	-	-	5.25	

The aggregate amount of research and development expense recognized in the consolidated statement of profit or loss for the year ended March 31, 2022 is Rs 245 (for the year ended March 31, 2021 is Rs 338).

The amortization expense for the year ended March 31, 2022 and March 31, 2021 is included in the following line items in the consolidated statement of profit or loss.

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Cost of revenues	202	563
Selling, general and administrative expenses	11	30
Total	213	593

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5 Property, plant and equipment

Particulars	Land	Buildings	Computer systems	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2020	33	2,470	4,008	5,548	9	12,068
Additions	-	22	511	42	-	575
Disposal/Adjustments	-	-	120	150	-	270
Reclassification (refer note 34)	-	(434)	-	434	-	-
As at March 31, 2021	33	2,058	4,399	5,874	9	12,373
Accumulated depreciation:						
As at April 1, 2020	-	1,047	3,268	4,349	4	8,668
Depreciation	-	162	379	379	2	922
Disposal/Adjustments	-	-	119	137	-	256
Reclassification (refer note 34)	-	(396)	-	396	-	-
As at March 31, 2021	-	813	3,528	4,987	6	9,334
Capital work-in-progress						224
Net carrying value as at March 31, 2021	33	1,245	871	887	3	3,263
Gross carrying value:						
As at April 1, 2021	33	2,058	4,399	5,874	9	12,373
Effect of common control business combination (refer note 36)	-	-	21	51	-	72
Additions	-	188	1,812	211	-	2,211
Disposal/adjustments	-	1	245	33	-	279
As at March 31, 2022	33	2,245	5,987	6,103	9	14,377
Accumulated depreciation:						
As at April 1, 2021	-	813	3,528	4,987	6	9,334
Effect of common control business combination (refer note 36)	-	-	5	7	-	12
Depreciation	-	138	604	342	2	1,086
Disposal/adjustments	-	1	244	33	-	278
As at March 31, 2022	-	950	3,893	5,303	8	10,154
Capital work-in-progress						215
Net carrying value as at March 31, 2022	33	1,295	2,094	800	1	4,438

The depreciation expense for the year March 31, 2022 and March 31, 2021 is included in the following line items in the consolidated statement of profit or loss.

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Cost of revenues	1,032	876
Selling, general and administrative expenses	54	46
Total	1,086	922

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6 Right-of-use assets

Particulars	Land	Buildings	Total
Gross carrying value:			
As at April 1, 2020	53	6,077	6,130
Additions	-	932	932
Disposal/adjustments	-	355	355
As at March 31, 2021	53	6,654	6,707
Accumulated depreciation:			
As at April 1, 2020	8	921	929
Depreciation	1	1,080	1,081
Disposal/adjustments	-	76	76
As at March 31, 2021	9	1,925	1,934
Net carrying value as at March 31, 2021	44	4,729	4,773
Gross carrying value:			
As at April 1, 2021	53	6,654	6,707
Additions	-	1,073	1,073
Disposal/adjustments	-	753	753
As at March 31, 2022	53	6,974	7,027
Accumulated depreciation:			
As at April 1, 2021	9	1,925	1,934
Depreciation	1	1,121	1,122
Disposal/adjustments	-	753	753
As at March 31, 2022	10	2,293	2,303
Net carrying value as at March 31, 2022	43	4,681	4,724

The depreciation expense for the year ended March 31, 2022 and March 31, 2021 is included in the following line items in the consolidated statement of profit or loss.

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Cost of revenues	1,066	1,027
Selling, general and administrative expenses	56	54
Total	1,122	1,081

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7 Investments

Investments in mutual fund units, non-convertible bonds/ debentures, perpetual bonds, term deposits, commercial paper, unlisted equity instruments and preference shares are classified as investments.

Cost and fair value of the above as at March 31, 2022 and March 31, 2021 are as follows:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Non-current		
Investment in non-convertible bonds/ debentures, perpetual bonds, unlisted equity securities, unlisted preference shares, term deposits and mutual funds		
Cost	3,110	1,147
Unrealised holding gains/(losses)	6	14
Fair value	3,116	1,161
Current		
Investment in non-convertible bonds/ debentures, term deposits, commercial paper and mutual funds		
Cost	21,369	18,404
Unrealised holding gains/(losses)	1,022	903
Fair value	22,391	19,307
Total Investments	25,507	20,468

8 Inventories

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Project related inventories	41	-
Total	41	-

9 Trade receivables

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Trade receivables	17,723	13,190
Allowance for expected credit losses	(410)	(448)
Total	17,313	12,742

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

	Ageing			
	1-90 days	91-180 days	181-360 days	More than 360 days*
Default rate as at March 31, 2022	0.5%	3.2%	18.2%	70.5%
Default rate as at March 31, 2021	0.2%	4.3%	21.8%	56.0%

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

Movement in the expected credit loss allowance:

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	448	386
Allowance for expected credit loss (net)	85	136
Bad debts written off during the year	(123)	(74)
Balance at the end of the year	410	448

Mindtree Limited and Subsidiaries**Notes to the consolidated financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****10 Cash and cash equivalents**

Cash and cash equivalents consist of the following:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Current and time deposits with banks #	10,513	7,597
Cash and cash equivalents in the statement of financial position	10,513	7,597
Book overdrafts used for cash management purposes (refer note 18)	-	-
Cash and cash equivalents in the statement of cash flows	10,513	7,597

#Balance with banks amounting to Rs 28 and Rs 25 as at March 31, 2022 and March 31, 2021 respectively includes earmarked balances in respect of unpaid dividends and dividend payable.

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

11 Other assets

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Non-current		
Capital advances	12	39
Security deposits	677	476
Prepaid expenses	39	14
Service tax credit receivable	11	11
Others	5	8
	744	548
Current		
Prepaid expenses	1,469	1,070
Advance to employees (net of provision for doubtful advances to employees)*	340	196
Advance to suppliers	94	42
Security deposits	16	41
Others **	729	338
	2,648	1,687
Total	3,392	2,235

*Provision for doubtful advances to employees as at March 31, 2022 Rs 23 (As at March 31, 2021: Rs 20).

** Includes balances with government authorities.

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12 Equity

a) Share Capital and share premium

The Company has only one class of equity shares. The authorized share capital of the Company is 800,000,000 equity shares of Rs 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of the par value is classified as share premium. The issued, subscribed and paid-up capital of the Company as at March 31, 2022 is 164,833,772 (As at March 31, 2021: 164,719,766) equity shares of Rs 10 each amounting to Rs 1,648 (As at March 31, 2021: Rs 1,647).

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

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

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of 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.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2022 was Rs 27.5 and for the year ended March 31, 2021 was Rs 17.5. 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 was approved by the shareholders at the Annual General Meeting held on July 13, 2021. The aforesaid dividend was paid during the year ended March 31, 2022. The Board of Directors have recommended a final dividend of 270% (Rs 27 per equity share of par value Rs 10 each) for the financial year ended March 31, 2022 which is subject to the approval of shareholders at the Annual General Meeting.

b) Retained earnings

Retained earnings comprises of undistributed earnings. A portion of these earnings as at March 31, 2022 amounting to Nil (As at March 31, 2021: Rs 87) is not freely available for distribution.

c) Share based payment reserve

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

d) Special Economic Zone reinvestment reserve

This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(II) of the Income Tax Act, 1961. The reserve should be utilized by the 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.

e) Capital redemption reserve

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

f) Other reserves

Change in fair value on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset is recognized in other comprehensive income (net of taxes) and presented within equity in other reserve.

g) Foreign currency translation reserve

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

h) 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.

13 In the period of five years immediately preceding March 31, 2022:

a) 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 share premium and free reserves.

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

14 Employee stock incentive plans

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal year 2000, which was approved by the Board of Directors (Board). The Company administers below mentioned restricted stock purchase plan and stock options 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	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding shares, beginning of the year	5,200	10.00	-	-
Granted during the year	117,241	10.00	154,155	10.00
Exercised during the year	114,006	10.00	145,700	10.00
Lapsed during the year	-	-	3,255	10.00
Outstanding shares, end of the year	8,435	10.00	5,200	10.00
Shares vested and exercisable, end of the year	8,435	10.00	5,200	10.00

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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 March 31, 2022 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the year	192,166
Number of units/shares granted under letter of intent during the year	-
Vested units/ shares	117,241
Lapsed units/ shares	-
Cancelled units/ shares	9,702
Outstanding units/shares as at the end of the year	65,223
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 year ended March 31, 2022 was Rs 873.36 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
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	5.56%
Volatility	35.15%

Employee Stock Option Plan 2021 ('ESOP 2021')

On May 22, 2021, the Shareholders of the Company have approved the 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. The Nomination and Remuneration Committee ('NRC') administers the plan through a trust established specifically for this purpose, called the Mindtree Employee Welfare Trust ('ESOP Trust').

The ESOP Trust shall subscribe to the equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan, to the extent of number of shares as is necessary for transferring to the employees. The NRC shall determine the exercise price which will not be less than the face value of the shares.

Options under this program are granted to employees at an exercise price periodically determined by the NRC. All stock options have a four-year vesting term and vest and become fully exercisable at the rate of 25% each over a period of 4 years from the date of grant. Each option is entitled to 1 equity share of Rs 10 each. These options are exercisable within 6 years from the date of vesting.

ESOP 2021 - Series A

Particulars	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the year	-	-	-	-
Granted during the year	328,128	10.00	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	16,160	10.00	-	-
Outstanding options, end of the year	311,968	10.00	-	-
Options vested and exercisable, end of the year	-	-	-	-

The options outstanding as at March 31, 2022 have an exercise price of Rs 10 (As at March 31, 2021: NA) and a weighted average remaining contractual life of 1.88 years (As at March 31, 2021: NA).

The weighted average fair value of each option under the above mentioned Series A of ESOP 2021 plan, granted during the year ended March 31, 2022 was Rs 2,965.70 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
Weighted average grant date share price	Rs 2,984.23
Weighted average exercise price	Rs 10
Dividend yield %	0.10%
Expected life	1-4 years
Risk free interest rate	4.88%
Volatility	34.68%

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ESOP 2021 - Series B

Particulars	Year ended			
	March 31, 2022		March 31, 2021	
	Number of share options	Weighted average Exercise price	Number of share options	Weighted average Exercise price
Outstanding options, beginning of the year	-	-	-	-
Granted during the year	187,000	3,290.65	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	17,000	2,683.80	-	-
Outstanding options, end of the year	170,000	3,290.65	-	-
Options vested and exercisable, end of the year	-	-	-	-

The options outstanding as at March 31, 2022 have an exercise price of Rs 3,290.65 (As at March 31, 2021: NA) and a weighted average remaining contractual life of 1.99 years (As at March 31, 2021: NA).

The weighted average fair value of each option under the above mentioned ESOP 2021 plan, granted during the year ended March 31, 2022 was Rs 926.45 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2022
Weighted average grant date share price	Rs 3,411.29
Exercise price	Rs 3,290.65
Dividend yield %	0.11%
Expected life	1-4 years
Risk free interest rate	4.94%
Volatility	34.29%

On May 22, 2021, the shareholders of the Company, through postal ballot, have approved the Grant of loan to 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 registered on August 24, 2021.

15 Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Trade payables	1,761	824
Accrued expenses	3,596	1,852
Total	5,357	2,676

16 Unearned revenue

Particulars	Year ended	
	March 31, 2022	March 31, 2021
	Balance at the beginning of the year	322
Invoiced during the year	7,878	5,151
Revenue recognized during the year	(7,425)	(5,170)
Balance at the end of the year	775	322

17 Employee benefit obligations

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Gratuity (net) *	213	83
Compensated absences	1,530	1,437
Total	1,743	1,520

* Refer note 24 for details of gratuity plan.

18 Other liabilities

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Non-current		
Employee related liabilities	-	4
Others (Security deposits for sub-lease)	3	2
	3	6
Current		
Book overdraft	-	-
Advances from customers	864	732
Employee related liabilities	5,594	4,673
Statutory dues payable	1,430	812
Liability for discount	1,033	557
Capital creditors	261	61
Margin money	-	386
Liability towards transfer of business (refer note 36)	990	-
Other liabilities	27	97
	10,199	7,318
Total	10,202	7,324

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19 Provisions

Particulars	As at	
	March 31, 2022	March 31, 2021
Provision for post contract support services	22	15
Provision for disputed dues*#	812	759
Provision for foreseeable losses on contracts	1	16
Provision for unspent Corporate Social Responsibility (CSR) expenses	77	-
Total	912	790

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

#Also, refer note 31(f).

The disclosure of provisions movement as required under the provisions of IAS 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	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	15	10
Provisions made during the year	8	7
Released during the year	(1)	(2)
Provision at the end of the year	22	15

Provision for disputed dues

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	759	95
Provisions made during the year	53	664
Provision at the end of the year	812	759

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	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	16	62
Provisions made during the year	66	23
Released during the year	(81)	(69)
Provision at the end of the year	1	16

Provision for unspent CSR expenses

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	-	-
Provisions made during the year	77	-
Provision at the end of the year	77	-

20 Income tax

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

Particulars	Year Ended	
	March 31, 2022	March 31, 2021
Current taxes	5,546	4,214
Deferred taxes	32	(335)
Total	5,578	3,879

Total income tax expense has been allocated as follows:

Particulars	Year Ended	
	March 31, 2022	March 31, 2021
Income tax expense as per the consolidated statement of profit or loss	5,578	3,879
Income tax included in other comprehensive income on:		
- Remeasurement of defined benefit plan	(24)	28
- Net change in fair value of cash flow hedges	(480)	(1,819)

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	Year Ended	
	March 31, 2022	March 31, 2021
Profit before tax	22,107	14,984
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	7,724	5,235
Effect of:		
Income exempt from tax	(2,151)	(1,771)
Temporary differences reversing during the tax holiday period	(70)	(4)
Expenses (net) that are not deductible in determining taxable profit	52	106
Different tax rates of branches/subsidiaries operating in other jurisdictions	171	157
Income subject to different tax rates	4	-
True up of tax provisions related to previous years	(154)	155
Others	2	1
Income tax expense recognised in the statement of profit or loss	5,578	3,879

The tax rates under Indian Income Tax Act, for the year ended March 31, 2022 and March 31, 2021 is 34.94%.

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The components of deferred tax assets/(liabilities) are as follows:

Deferred tax assets/(liabilities) as at March 31, 2022 in relation to:

Particulars	As at April 1, 2021	Recognised in profit or loss	Recognised in Other Comprehensive Income	As at March 31, 2022
Property, plant and equipment	657	(185)	-	472
Right-of-use assets net of lease liabilities	167	33	-	200
Allowance for expected credit losses	105	(11)	-	94
Provision for compensated absences	289	62	-	351
Intangible assets	(48)	(15)	-	(63)
Net gain on fair value of investments	(322)	(37)	-	(359)
Effective portion of cash flow hedges	(726)	-	(480)	(1,206)
Others	229	121	-	350
Total	351	(32)	(480)	(161)

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

Particulars	As at April 1, 2020	Recognised in profit or loss	Recognised in Other Comprehensive Income	As at March 31, 2021
Property, plant and equipment	513	144	-	657
Right-of-use assets net of lease liabilities	98	69	-	167
Allowance for expected credit losses	84	21	-	105
Provision for compensated absences	288	1	-	289
Intangible assets	(354)	306	-	(48)
Net gain on fair value of mutual funds	(126)	(196)	-	(322)
Effective portion of cash flow hedges	1,093	-	(1,819)	(726)
Others	239	(10)	-	229
Total	1,835	335	(1,819)	351

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

Particulars	As at March 31, 2022	As at March 31, 2021
Unused tax losses (long term capital loss) which expire in		
- FY 2021-22	18	48
- FY 2022-23	28	28
- FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	79	94

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

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

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

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

Pursuant to the changes in the Indian income tax laws in fiscal year 2007, Minimum Alternate Tax (MAT) has been extended to income in respect of which deduction is claimed under the tax holiday schemes discussed above; consequently, the Company has calculated its tax liability for current domestic taxes after considering MAT, 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 the foreign jurisdictions due to operation of its foreign branches and subsidiaries.

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21 Revenues

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

Revenue by contract type

Revenues	Year ended	
	March 31, 2022	March 31, 2021
Fixed-price and Maintenance	67%	69%
Time and materials	33%	31%
Total	100%	100%

Refer note 33 for disaggregation of revenue by industry and geographical segments.

Transaction price allocated to the remaining performance obligations

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Within 1 year	54,847	23,149
1-3 years	21,183	17,707
More than 3 years	2,195	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 deferral 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.

22 Finance and other income

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Interest income on financial assets at amortized cost	402	166
Interest income on financial asset at fair value through profit or loss	24	-
Net gain on financial assets designated at fair value through profit or loss	832	909
Gain on sale of property, plant and equipment	9	45
Net gain on termination of right-of-use assets	-	33
Others	276	78
Total	1,543	1,231

23 Expenses by nature

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Employee benefits (refer note 24)	63,278	51,132
Sub-contractor charges	10,788	5,730
Travel expenses	1,088	762
Communication expenses	716	583
Computer consumables	2,194	1,514
Legal and professional charges	945	526
Power and fuel	183	168
Lease rentals*	144	115
Repairs to buildings	404	282
Repairs to machinery	37	43
Insurance	110	105
Rates and taxes	648	534
Other expenses	2,762	1,617
Depreciation of property, plant and equipment	1,086	922
Depreciation of right-of-use assets	1,122	1,081
Amortization of other intangible assets	212	593
Total cost of revenues, selling, general and administrative expenses	85,717	65,707

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

The above expenses are recognized in the following line items in the consolidated statement of profit or loss:

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Cost of revenues	72,316	55,544
Selling, general and administrative expenses	13,401	10,163
Total	85,717	65,707

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24 Employee benefits

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Salaries and wages (refer note 27)	58,183	46,719
Contribution to provident and other funds*	4,324	4,084
Share based payments to employees (refer note 14)**	438	99
Staff welfare expenses	333	230
Total	63,278	51,132

*includes contribution to defined contribution plans for the year ended March 31, 2022 Rs 3,942 (For the year ended March 31, 2021 Rs 3,832). Also, refer note 31(f).

** The employees of the Group are eligible for shares under Employee Stock Option Plans of L&T Limited. The Group has recorded an amount of Rs 8 for year ended March 31, 2022 (For the year ended March 31, 2021 Rs Nil) as cost of such stock option plans, based on amounts cross-charged by the Parent Company. Also refer note 30.

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

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Cost of revenues	54,994	44,442
Selling, general and administrative expenses	8,284	6,690
Total	63,278	51,132

Defined benefit plans

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

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Gratuity Cost		
Service cost	377	234
Net interest on net defined liability/(asset)	5	18
Re-measurement - actuarial gain/(loss) recognised in OCI	(107)	116
Net gratuity cost	275	368
Assumptions		
Discount rate	6.50%	5.85%
Salary increase	0-7.5%	0%-7.5%
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 increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Change in defined benefit obligations		
Obligations at the beginning of the year	1,408	1,071
Service cost	377	234
Interest cost	82	67
Benefits settled	(257)	(124)
Adjustment towards transfer of business (refer note 36)	7	-
Actuarial (gain)/loss - experience	(36)	2
Actuarial (gain)/loss - demographic assumptions	12	(23)
Actuarial (gain)/loss - financial assumptions	(62)	181
Obligations at the end of the year	1,531	1,408
Change in plan assets		
Plan assets at the beginning of the year, at fair value	1,325	789
Interest income on plan assets	77	50
Adjustment towards transfer of business (refer note 36)	7	-
Return on plan assets greater/(lesser) than discount rate	21	44
Contributions	143	561
Benefits settled	(255)	(119)
Plan assets at the end of the year, at fair value	1,318	1,325

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Historical information: -

Particulars	As at				
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	(1,531)	(1,408)	(1,071)	(874)	(705)
Fair value of plan assets	1,318	1,325	789	644	564
Liability recognized	(213)	(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	As at
	March 31, 2022	March 31, 2021
Experience adjustment on plan liabilities	(36)	2
Experience adjustment on plan assets	22	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 March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(92)	103	(82)	92
Future salary growth (1% movement)	102	(93)	91	(83)
Withdrawal rate (1% movement)	(13)	14	(12)	13

Maturity profile of defined benefit obligation:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Within 1 year	196	193
1-2 years	192	182
2-3 years	191	180
3-4 years	185	173
4-5 years	183	160
5-10 years	695	588
More than 10 years	862	667

The Group expects to contribute Rs 684 to its defined benefit plans during the next year.

As at March 31, 2022 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.

25 Finance expenses

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Interest expense on lease liabilities	494	503
Interest expense - others	8	1
Total	502	504

26 Earnings per share

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Profit for the year (A)	16,529	11,105
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,779,774	164,661,734
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,884,399	164,742,573
Earnings per share:		
Equity shares of par value Rs 10 each		
(1) Basic (Rs) (A/B)	100.31	67.44
(2) Diluted (Rs) (A/C)	100.25	67.41

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

Particulars	Year ended		Year ended	
	March 31, 2022		March 31, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	164,779,774	164,779,774	164,661,734	164,661,734
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	104,625	-	80,839
Weighted average number of equity shares for calculation of earnings per share	164,779,774	164,884,399	164,661,734	164,742,573

Mindtree Limited and Subsidiaries**Notes to the consolidated financial statements****(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	Year ended	
	March 31, 2022	March 31, 2021
Grant towards R&D credit	30	51
Total	30	51

The grant recognized in the statement of financial position as at March 31, 2022 is Rs 63 (As at March 31, 2021 is Rs 79).

- b) During the year ended March 31, 2022, 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 24) (for the year ended March 31, 2021 Rs 69).

28 Leases**a) Group as a lessee**

Leases not yet commenced to which the Group is committed, amounts to Rs 349 as at March 31, 2022 for a lease term of 2 to 5.5 years (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 year ended March 31, 2022 amounted to Rs 30 (for the year ended March 31, 2021 amounted to Rs 39).

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Receivable – Not later than one year	28	26
Receivable – Later than one year and not later than five years	27	38

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29 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

As at March 31, 2022

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	17,313	-	17,313	17,313
Unbilled revenue	-	3,768	-	3,768	3,768
Investments	15,892	9,607	8	25,507	25,507
Cash and cash equivalents	-	10,513	-	10,513	10,513
Derivative financial instruments	30	-	3,460	3,490	3,490
Other assets	-	1,033	-	1,033	1,033
Total assets	15,922	42,234	3,468	61,624	61,624
Liabilities					
Lease liabilities	-	5,557	-	5,557	5,557
Trade payables and accrued expenses	-	5,357	-	5,357	5,357
Derivative financial instruments	5	-	8	13	13
Other liabilities	-	6,876	-	6,876	6,876
Total liabilities	5	17,790	8	17,803	17,803

As at March 31, 2021

Particulars	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Total carrying amount	Fair value
Assets					
Trade receivables	-	12,742	-	12,742	12,742
Unbilled revenue	-	1,859	-	1,859	1,859
Investments	17,350	3,110	8	20,468	20,468
Cash and cash equivalents	-	7,597	-	7,597	7,597
Derivative financial instruments	5	-	2,088	2,093	2,093
Other assets	-	713	-	713	713
Total assets	17,355	26,021	2,096	45,472	45,472
Liabilities					
Lease liabilities	-	5,377	-	5,377	5,377
Trade payables and accrued expenses	-	2,676	-	2,676	2,676
Derivative financial instruments	31	-	2	33	33
Other liabilities	-	5,223	-	5,223	5,223
Total liabilities	31	13,276	2	13,309	13,309

The Management assessed that fair value of cash and short-term deposits, trade receivables, other current financial assets, lease liabilities, trade payables, book overdrafts and other current financial 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.

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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 and other financial liabilities, as well as other non-current financial liabilities, as applicable, 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 March 31, 2022 is 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. 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 March 31, 2022 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.

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Fair Value

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

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022 and March 31, 2021:

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as at March 31, 2022:

Particulars	As at March 31, 2022	Fair value measurement at the end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units and perpetual bonds	15,892	15,892	-	-
Investments in unlisted equity instruments and preference shares	8	-	-	8
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	3,490	-	3,490	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	13	-	13	-

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

Particulars	As at March 31, 2021	Fair value measurement at the end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual fund units and perpetual bonds	17,350	17,350	-	-
Investments in unlisted equity instruments and preference shares	8	-	-	8
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	2,093	-	2,093	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	33	-	33	-

There have been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022 and for the year ended March 31, 2021.

A reconciliation of changes in the fair value measurement of investments in unlisted equity instruments and preference shares in level 3 of the fair value hierarchy is given below:

Particulars	As at	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	8	8
Remeasurement recognised in OCI	-	-
Balance at the end of the year	8	8

Details of finance income and interest expense are as follows:

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Net gain on financial assets designated at fair value through profit or loss	832	909
Interest income on financial asset at amortized cost	402	166
Interest income on financial asset at fair value through profit or loss	24	-
Interest expense	(502)	(504)

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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 counter party 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	As at
	March 31, 2022	March 31, 2021
Non-designated derivative instruments:		
in USD millions	1,725	1,146

The foreign exchange forward and option contracts mature anywhere between 1-60 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Not later than 12 months	Later than 12 months	Not later than 12 months	Later than 12 months
Forward Contract				
Non-designated derivative instruments (Sell)				
Cash Flow Hedge				
in USD millions	608	926	409	587
Average rate	80.13	84.31	77.18	81.94
in INR millions	48,717	78,069	31,565	48,100
Fair Value Hedge				
in USD millions	185	-	132	-
Average rate	76.12	-	73.30	-
in INR millions	14,082	-	9,675	-
Option contracts (three legged option contracts)				
Non-designated derivative instruments				
Number of contracts	6	-	12	6
Notional amount (in USD millions)	6	-	12	6
Fair value (in INR millions)	18	-	24	10

Reconciliation of cash flow hedges:

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	1,352	(2,035)
Gain/ (loss) recognized in the other comprehensive income during the year	2,551	4,948
Amount reclassified to profit or loss during the year	(1,178)	258
Tax impact on the above	(480)	(1,819)
Balance at the end of the year	2,245	1,352

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 derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

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

Mindtree Limited and Subsidiaries**Notes to the consolidated financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)***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	Year ended	
	March 31, 2022	March 31, 2021
Revenue from top customer	26,573	22,984
Revenue from top 5 customers	37,688	32,193

One customer accounted for more than 10% of the revenue for the year ended March 31, 2022 and March 31, 2021. Further, one customer accounted for more than 10% of the receivables as at March 31, 2022 and as at March 31, 2021.

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 Liquidity position of the Group is given below:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Cash and cash equivalents	10,513	7,597
Investments in mutual funds (quoted)	15,578	16,975
Investments in non-convertible bonds/ debentures (quoted)	1,324	171
Investment in term deposit (unquoted)	4,111	1,821
Investment in commercial paper (unquoted)	1,378	340
Total	32,904	26,904

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

Particulars	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,334	1,172	4,870
Trade payables and accrued expenses	5,357	-	-
Other liabilities	6,873	3	-
Derivative financial instruments - fair value hedge	5	-	-
Derivative financial instruments - cash flow hedge	7	1	-

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 and accrued expenses	2,676	-	-
Other 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 and foreign currency borrowings (primarily in U.S. Dollars, British Pound Sterling and Euros). A significant portion of the Group's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Group's revenues measured in Rupees may decrease. The exchange rate between the Indian Rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Group has a foreign exchange hedging committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

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

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

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

- an approximately Rs 140 increase and Rs 140 decrease in the Group's net profit in respect of its fair value hedges and Rs 1,167 increase and Rs 1,167 decrease in the Group's effective portion of cash flow hedges as at March 31, 2022;
- an approximately Rs 97 increase and Rs 97 decrease in the Group's net profit in respect of its fair value hedges and Rs 741 increase and Rs 741 decrease in the Group's effective portion of cash flow hedges as at March 31, 2021

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The following table presents foreign currency risk from non-derivative financial instruments as at March 31, 2022 and March 31, 2021.

As at March 31, 2022					Rupees in millions	
Particulars	US \$	Euro	Pound Sterling	Other currencies*	Total	
Assets						
Trade receivables	11,197	2,325	1,199	1,125	15,846	
Unbilled revenue	2,455	395	420	201	3,471	
Cash and cash equivalents	8,657	220	435	666	9,978	
Other assets	74	23	34	26	157	
Liabilities						
Lease liabilities	2,171	15	138	25	2,349	
Trade payables and accrued expenses	2,772	236	592	182	3,782	
Other liabilities	2,866	160	362	127	3,515	
Net assets/liabilities	14,574	2,552	996	1,684	19,806	

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

As at March 31, 2021					Rupees in millions	
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 and accrued expenses	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 year ended March 31, 2022, 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 year ended March 31, 2021, 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 fixed interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

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	
	March 31, 2022	March 31, 2021
Total equity attributable to the equity share holders of the Group	54,743	43,194
As percentage of total capital	91%	89%
Total loans and borrowings	-	-
Total lease liabilities	5,557	5,377
Total loans, borrowings and lease liabilities	5,557	5,377
As a percentage of total capital	9%	11%
Total capital (loans, borrowings, lease liabilities and equity)	60,300	48,571

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.

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30 Related party relationships and transactions

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
L&T Geostructure Private Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Infrastructure Engineering Limited	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
L&T Realty Developers Limited	Fellow Subsidiary
L&T - MHI Power Boilers Private Limited	Joint venture of Parent Company
L&T-STEC JV Mumbai	Joint operation of Parent Company
L&T-Daewoo JV	Joint operation of Parent Company
L&T-Powerchina JV	Joint operation of Parent Company
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
Manipal Health Enterprises Private Limited^	Entity with common key managerial person
Mindtree Limited Employees Gratuity Fund Trust	Gratuity Trust

* Investment Manager for L&T Mutual Fund.

^ Ceased to be a related party w.e.f. February 14, 2022.

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	Year ended	
		March 31, 2022	March 31, 2021
Mindtree Foundation	Donation paid*	89	17
	Provision towards unspent CSR expenses	77	-
Bridgeweave Limited	Software services rendered	48	44
Mindtree Limited Employees Gratuity Fund Trust	Contribution for gratuity	143	561
L&T Mutual Fund	Purchase of investments	2,810	730
	Proceeds from sale of investments	2,521	546
Larsen & Toubro Limited	Dividend paid	2,765	1,759
	Software services rendered	536	39
	Reimbursement income	4	-
	Management fee expense	132	-
	Guarantee charges	16	6
	Lease rental expense	22	-
	Other services received	2	3
	Subscription expense towards software licenses	41	-
	Reimbursement of personnel cost	-	89
	Reimbursement of travel and other expenses	9	3
	Reimbursement of ESOP cost	8	-
	Security deposit paid	112	-
	Sale of SEIS scrip licenses	77	-
Purchase consideration towards transfer of business (refer note 36)	2,065	-	
Larsen & Toubro Infotech Limited	Software services rendered	99	98
	Software services received	281	10
	Lease rental expense	1	-
	Reimbursement of expenses	3	-
	Reimbursement of personnel cost	-	15
L&T Technology Services Limited	Subscription paid towards software licenses	645	-
	Software services rendered	36	20
L&T Thales Technology Services Private Limited	Software services received	37	9
	Reimbursement of expenses	12	-
L&T Geostructure Private Limited	Software services rendered	65	57
L&T Infrastructure Engineering Limited	Software services rendered	3	-
L&T Hydrocarbon Engineering Limited	Software services rendered	7	-
L&T Valves Limited	Software services rendered	12	-
L&T - MHI Power Boilers Private Limited	Software services rendered	2	-
L&T-Powerchina JV	Software services rendered	3	-
L&T-STEC JV Mumbai	Software services rendered	2	-
L&T-STEC JV Mumbai	Software services rendered	1	-
Manipal Health Enterprises Private Limited	Staff welfare expenses	9	-

*Represents donation made to fund CSR activities and other operating expenses

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Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2022	March 31, 2021
Mindtree Foundation	Provision towards unspent CSR expenses	77	-
Larsen & Toubro Limited	Trade payables	133	6
	Liability towards transfer of business (refer notes 18 & 36)	990	-
Larsen & Toubro Infotech Limited	Trade payables	89	10
	Lease liabilities	1	-
L&T Technology Services Limited	Trade payables	27	3
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	207	76

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2022	March 31, 2021
Bridgeweave Limited	Trade receivables	5	28
	Unbilled revenue	12	15
Larsen & Toubro Limited	Trade receivables	395	8
	Unbilled revenue	120	-
	Security deposit	112	-
Larsen & Toubro Infotech Limited	Trade receivables	21	13
	Unbilled revenue	4	5
L&T Technology Services Limited	Trade receivables	4	6
	Unbilled revenue	1	1
L&T Thales Technology Services Private	Trade receivables	17	-
	Unbilled revenue	15	13
L&T Valves Limited	Trade receivables	3	-
	Unbilled revenue	2	-
L&T Infrastructure Engineering Limited	Trade receivables	9	-
L&T Hydrocarbon Engineering Limited	Trade receivables	14	-
	Unbilled revenue	1	-
L&T Geostructure Private Limited	Trade receivables	2	-
L&T - MHI Power Boilers Private Limited	Trade receivables	2	-
	Unbilled revenue	1	-
L&T-Powerchina JV	Trade receivables	1	-
L&T-STEC JV Mumbai	Trade receivables	2	-

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

Guarantees from related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2022	March 31, 2021
Larsen & Toubro Limited	Guarantee*	5,039	5,147

* Performance guarantee given on behalf of the Company.

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Key Managerial Personnel (KMP):

Anilkumar Manibhai Naik	Non-Executive Chairman
Debashis Chatterjee	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyam	Non-Executive Vice Chairman
Jayant Damodar Patil ⁷	Non-Executive Director
Ramamurthi Shankar Raman	Non-Executive Director
Prasanna Rangacharya Mysore ¹¹	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
Senthil Kumar ²	Chief Financial Officer
Vinit Ajit Teredesai ³	Chief Financial Officer
Chandrasekaran Ramakrishnan ⁴	Independent Director
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.

*Resigned as Executive Director and Chief Operating Officer with effect from January 3, 2022.

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 and the same was approved by the shareholders in the Annual General Meeting held on July 13, 2021.

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 and the same was approved by the shareholders in the Annual General Meeting held on July 13, 2021.

¹¹ Mr. Prasanna Rangacharya Mysore, Independent Director ceased as a Director with effect from April 1, 2022 on completion of his tenure.

Transactions with key managerial personnel are as given below:

Key managerial personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key managerial personnel during the year ended March 31, 2022 and March 31, 2021 have been detailed below:

Particulars	Year ended	
	March 31, 2022 *	March 31, 2021 *
<i>Whole-time directors and executive officers</i>		
Salaries	170	133
Contribution to provident fund	25	9
Bonus and Incentives	103	72
Share based payments as per IFRS 2	26	35
Total	324	249
<i>Non-whole-time directors</i>		
Commission	35	34
Total	35	34
Total remuneration	359	283

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

Dividends paid to directors during the year ended March 31, 2022 amounts to Rs 1 (for year ended March 31, 2021 Rs 0). Further, during the year ended March 31, 2022, 45,100 shares (March 31, 2021 : 23,255) shares were allotted to the key managerial personnel.

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31 Contingent liabilities

Particulars	March 31, 2022	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 had 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. For the financial year 2006-07, Commissioner of Income Tax (Appeals) has passed an order during the year, pursuant to which substantial relief has been granted. The Group is awaiting the order giving effect from the Commissioner of Income Tax (Appeals).

b) The Group has received income tax assessment order under Section 143(3) of the Income-Tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal (ITAT). The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 556 against these demands.

The Group received a favourable order from the Commissioner of Income Tax (Appeals) for the 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 unfavourable grounds, the Group had filed an appeal with ITAT, Bengaluru. ITAT has issued a favourable order in connection with TP proceedings. The department preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT.

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 year 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 favourable order received by the Group for the financial year 2001-02 from the Commissioner of Income Tax (Appeals) and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

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

The Group has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavourable 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 a rectification request against the order giving effect.

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 had filed an appeal with Commissioner of Income Tax (Appeals) and during the year, the Group has received an order wherein partial relief has been provided. The Group has filed an appeal against the same with the ITAT and the order giving effect to the Commissioner of Income Tax (Appeals) order is awaited.

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 709 (March 31, 2021: Rs 659), including estimated interest, as on the date of the statement of financial position.

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Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2022 is Rs 753 (March 31, 2021: Rs 431).

33 Segment information

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

The Group is structured into 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 measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies.

Geographic information is based on business sources from that geographic region and delivered from both on-site and off-shore. The geographic regions comprise of North America, Continental Europe, UK and Ireland and Asia Pacific (includes Rest of the World).

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**

	Year ended	
	March 31, 2022	March 31, 2021
Segment revenue from external customers		
RCM	24,859	16,956
BFSI	18,764	15,632
CMT	45,818	36,937
TTH	14,524	9,317
HCARE	1,288	836
Total	105,253	79,678
Segment operating income		
RCM	3,785	3,628
BFSI	3,638	3,310
CMT	11,276	8,454
TTH	3,122	905
HCARE	135	270
Total	21,956	16,567
Depreciation and amortization expense	(2,420)	(2,596)
Profit for the year before finance expenses, other income and tax	19,536	13,971
Finance expenses	(502)	(504)
Other income	1,117	1,065
Interest income	426	166
Foreign exchange gain/ (loss)	1,530	286
Net profit before taxes	22,107	14,984
Income taxes	(5,578)	(3,879)
Net profit after taxes	16,529	11,105

Other information

	Year ended	
	March 31, 2022	March 31, 2021
Other significant non-cash expense (Allocable)		
RCM	(25)	32
BFSI	(55)	(11)
CMT	63	11
TTH	(38)	(18)
HCARE	2	-

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Geographical information

Revenues	Year ended	
	March 31, 2022	March 31, 2021
North America	77,800	61,767
Continental Europe	9,276	5,702
UK and Ireland	9,708	6,164
Asia Pacific	8,469	6,045
Total	105,253	79,678

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 29 on Financial Instruments for information on revenue from major customers.

- 34 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 was 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 IFRS 16 'Leases'. Accordingly, in the previous year, the improvements made to buildings earlier was reclassified to "Furniture, fixtures and equipment" (refer notes 5 and 6).
- 35 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. 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.
- 36 Pursuant to the approval by the Board of Directors on May 14, 2021, the Company entered into a Business Transfer Agreement on May 20, 2021 to acquire the digital transformation business undertaking, incubated and conducted under L&T-NxT ('NxT Digital Business') from Larsen & Toubro Limited (L&T) to enhance the Company's Cloud based IoT and AI capabilities for Industry 4.0, for a cash consideration of Rs 1,980 (determined based on an independent valuation) and net working capital as on the closing date. The Company has consummated the above transfer of business on July 1, 2021.

The transaction between the Parent (L&T) and Subsidiary (the Company) has been recorded in the books of the Company using the pooling of interests method. Accordingly, the assets and liabilities transferred has been accounted at the carrying amounts as reflected in the books of L&T as at June 30, 2021 and no adjustments have been made to reflect the fair values, or recognize any new assets or liabilities. The difference between the purchase consideration of Rs 2,065 and the carrying amounts of the net assets transferred of Rs 209 has been adjusted to reserves. The financial information pertaining to the transfer of business is not material and accordingly, financial statements of the Company in respect of the prior periods has not been restated. Details of the transfer of business is as follows:

Particulars	Amount
Property, plant and equipment, net	60
Intangible assets	64
Net working capital	85
Total net assets transferred	209
Purchase Consideration	2,065
Excess of consideration over net assets transferred	1,856
Adjusted against retained earnings (including capital reserve of Rs 87)	1,856

- 37 Subsequent to the balance sheet date, the Company has agreed to acquire a 6.64% stake in COPE Healthcare Consulting Inc., USA ('COPE') pursuant to a Stock Purchase Agreement entered on April 4, 2022. COPE is a healthcare consulting, implementation and co-management leader in population health management, value-based care and payment, workforce development and data analytics.