

Mindtree Limited
Consolidated balance sheet as at September 30, 2022

	Note	As at September 30, 2022	Rs in million As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,721	4,223
Capital work-in-progress	4	17	215
Right-of-use assets	5	5,090	4,724
Goodwill	6	4,732	4,732
Other intangible assets	6	57	73
Financial assets	7		
Investments	7.1	2,513	3,116
Other financial assets	7.2	877	2,464
Deferred tax assets (net)	18	1,654	-
Other non-current assets	8	1,201	1,286
		20,862	20,833
Current assets			
Inventory	9	37	41
Financial assets	10		
Investments	10.1	22,135	22,391
Trade receivables	10.2	18,058	17,313
Cash and cash equivalents	10.3	13,603	10,513
Other financial assets	10.4	5,494	5,827
Other current assets	11	4,463	4,655
		63,790	60,740
TOTAL ASSETS		84,652	81,573
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,649	1,648
Other equity	13	55,036	53,091
		56,685	54,739
Liabilities			
Non-current liabilities			
Financial liabilities	14		
Lease liabilities		5,170	4,661
Other financial liabilities	14.1	1,239	4
Deferred tax liabilities (net)	18	-	161
		6,409	4,826
Current liabilities			
Financial liabilities	15		
Lease liabilities		964	896
Trade payables	15.1 & 41		
Total outstanding dues of micro enterprises and small enterprises		87	95
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,584	5,262
Other financial liabilities	15.2	6,421	6,885
Other current liabilities	16	3,648	4,318
Provisions	17	2,851	2,442
Current tax liabilities (net)		2,003	2,110
		21,558	22,008
		27,967	26,834
TOTAL EQUITY AND LIABILITIES		84,652	81,573

See accompanying notes to the consolidated interim financial statements

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

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

Monisha Parikh
Partner
Membership No.: 47840

Ramamurthi Shankar Raman **Debashis Chatterjee**
Non-Executive Director CEO & Managing Director
DIN: 00019798 DIN: 00823966
Place: Mumbai Place: Mumbai

Vinit Ajit Teredesai
Chief Financial Officer
Place: Mumbai

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

Place: Bengaluru
Date : October 13, 2022

Date : October 13, 2022

Mindtree Limited

Consolidated statement of profit and loss for the quarter and six months ended September 30, 2022

	Note	Rs in million, except per share data			
		For the quarter ended		For the six months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue from operations	19	34,004	25,862	65,215	48,779
Other income	20	486	748	831	1,466
Total income		34,490	26,610	66,046	50,245
Expenses					
Employee benefits expense	21	20,474	15,644	39,010	29,317
Sub-contractor charges		3,418	2,747	6,413	5,335
Finance costs	23	135	125	257	254
Depreciation and amortization expenses	24	651	610	1,250	1,192
Other expenses	25	3,145	2,164	6,194	4,175
Total expenses		27,823	21,290	53,124	40,273
Profit before tax		6,667	5,320	12,922	9,972
Tax expense:					
Current tax	18	1,575	1,387	3,243	2,636
Deferred tax	18	5	(56)	(124)	(87)
Profit for the period		5,087	3,989	9,803	7,423
Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss	29	31	41	101	69
(ii) Income tax relating to items that will not be reclassified to profit or loss		(11)	(10)	(25)	(16)
B (i) Items that will be reclassified to profit or loss		(2,165)	876	(5,377)	796
(ii) Income tax relating to items that will be reclassified to profit or loss		545	(306)	1,691	(278)
Total other comprehensive income / (loss)		(1,600)	601	(3,610)	571
Total comprehensive income for the period		3,487	4,590	6,193	7,994
Earnings per share:					
Equity shares of par value Rs 10 each	27				
(1) Basic (Rs)		30.86	24.21	59.46	45.06
(2) Diluted (Rs)		30.83	24.19	59.41	45.03

See accompanying notes to the consolidated interim financial statements

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 008072S

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

Monisha Parikh

Partner

Membership No.: 47840

Ramamurthi Shankar Raman

Non-Executive Director

DIN: 00019798

Place: Mumbai

Debashis Chatterjee

CEO & Managing Director

DIN: 00823966

Place: Mumbai

Vinit Ajit Teredesai

Chief Financial Officer

Place: Mumbai

Date : October 13, 2022

Subhodh Shetty

Company Secretary

M No.: A13722

Place: Mumbai

Place: Bengaluru

Date : October 13, 2022

Mindtree Limited

Consolidated statement of cash flows for the six months ended September 30, 2022

	Rs in million	
	For the six months ended	
	September 30, 2022	September 30, 2021
Cash flow from operating activities		
Profit for the period	9,803	7,423
<i>Adjustments for :</i>		
Income tax expense	3,119	2,549
Depreciation and amortization expenses	1,250	1,192
Share based payments to employees	198	146
Allowance for expected credit losses (net)	74	21
Finance costs	257	254
Interest income on financial assets at amortized cost	(292)	(174)
Interest income on financial assets at fair value through profit or loss	(8)	(17)
Net gain on disposal of property, plant and equipment	(13)	(4)
Net gain on financial assets designated at fair value through profit or loss	(260)	(489)
Unrealised exchange difference on lease liabilities	141	30
Unrealised exchange difference on fair value hedges	80	(48)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(846)	(39)
	13,503	10,844
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(819)	(3,662)
Inventories	4	3
Other assets	(1,046)	(1,315)
Trade payables	314	1,258
Other liabilities	(1,179)	(430)
Provisions	409	304
Net cash provided by operating activities before taxes	11,186	7,002
Income taxes paid, net of refunds	(3,247)	(2,432)
Net cash provided by operating activities	7,939	4,570
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,166)	(806)
Proceeds from sale of property, plant and equipment	14	5
Payment towards transfer of business (refer note 42)	(819)	(990)
Interest income on financial assets at amortized cost	235	97
Interest income on financial assets at fair value through profit or loss	8	17
Purchase of investments	(19,910)	(15,773)
Proceeds from sale of investments	21,073	12,444
Net cash (used in) investing activities	(565)	(5,006)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	6	1
Payment of lease liabilities	(426)	(462)
Finance costs (including interest towards lease liabilities - refer note 23)	(257)	(254)
Dividends paid	(4,453)	(2,884)
Net cash (used in) financing activities	(5,130)	(3,599)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	846	39
Net increase / (decrease) in cash and cash equivalents	3,090	(3,996)
Cash and cash equivalents at the beginning of the period	10,513	7,597
Cash and cash equivalents at the end of the period (refer note 10.3)	13,603	3,601

Mindtree Limited**Consolidated statement of cash flows for the six months ended September 30, 2022**

Reconciliation of liabilities from financing activities for the six months ended September 30, 2022					Rs in million
Particulars	As at April 1, 2022	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at September 30, 2022
Lease liabilities	5,557	862	(426)	141	6,134
Total liabilities from financing activities	5,557	862	(426)	141	6,134

Reconciliation of liabilities from financing activities for the six months ended September 30, 2021					Rs in million
Particulars	As at April 1, 2021	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at September 30, 2021
Lease liabilities	5,377	589	(462)	30	5,534
Total liabilities from financing activities	5,377	589	(462)	30	5,534

See accompanying notes to the consolidated interim financial statements

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 008072S

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

Monisha Parikh

Partner

Membership No.: 47840

Ramamurthi Shankar Raman

Non-Executive Director

DIN: 00019798

Place: Mumbai

Debashis Chatterjee

CEO & Managing Director

DIN: 00823966

Place: Mumbai

Place: Bengaluru

Date : October 13, 2022

Vinit Ajit Teredesai

Chief Financial Officer

Place: Mumbai

Date : October 13, 2022

Subhodh Shetty

Company Secretary

M No.: A13722

Place: Mumbai

Mindtree Limited
Consolidated statement of changes in equity for the six months ended September 30, 2022

	Rs in million
(a) Equity share capital	
Balance as at April 1, 2021	1,647
Add: Shares issued on exercise of stock options and restricted shares	1
Balance as at March 31, 2022	1,648
Balance as at April 1, 2022	1,648
Add: Shares issued on exercise of stock options and restricted shares	1
Balance as at September 30, 2022	1,649

Particulars	Reserves and surplus (refer note 13)								Items of Other Comprehensive Income (refer note 13)			Total other equity
	Capital reserve	General reserve	Special Economic Zone reinvestment reserve	Capital redemption reserve	Securities premium	Share option outstanding account	Retained earnings	Foreign Currency Translation Reserve (FCTR)	Effective portion of cash flow hedges	Other items of Other Comprehensive Income		
Balance as at April 1, 2021	87	226	1,482	42	399	98	38,564	(416)	1,352	(291)	41,543	
Profit for the period	-	-	-	-	-	-	7,423	-	-	-	7,423	
Other comprehensive income (net of taxes) (refer note 29)	-	-	-	-	-	-	-	-	518	53	571	
Created during the period	-	-	1,247	-	-	-	(1,247)	-	-	-	-	
Utilised during the period	-	-	(818)	-	-	-	818	-	-	-	-	
Transferred to securities premium on allotment against stock options	-	-	-	-	76	(76)	-	-	-	-	-	
Compensation cost related to employee share based payment (refer note 21)	-	-	-	-	-	146	-	-	-	-	146	
Cash dividends	-	-	-	-	-	-	(2,883)	-	-	-	(2,883)	
Impact on account of business combination (refer note 42)	(87)	-	-	-	-	-	(1,769)	-	-	-	(1,856)	
Balance as at September 30, 2021	-	226	1,911	42	475	168	40,906	(416)	1,870	(238)	44,944	
Balance as at April 1, 2021	87	226	1,482	42	399	98	38,564	(416)	1,352	(291)	41,543	
Profit for the year	-	-	-	-	-	-	16,529	-	-	-	16,529	
Other comprehensive income (net of taxes) (refer note 29)	-	-	-	-	-	-	-	-	893	83	976	
Created during the year	-	-	2,717	-	-	-	(2,717)	-	-	-	-	
Utilised during the year	-	-	(1,927)	-	-	-	1,927	-	-	-	-	
Transferred to securities premium on allotment against stock options	-	-	-	-	108	(108)	-	-	-	-	-	
Compensation cost related to employee share based payment (refer note 21)	-	-	-	-	-	430	-	-	-	-	430	
Cash dividends (refer note 13.1)	-	-	-	-	-	-	(4,531)	-	-	-	(4,531)	
Impact on account of business combination (refer note 42)	(87)	-	-	-	-	-	(1,769)	-	-	-	(1,856)	
Balance as at March 31, 2022	-	226	2,272	42	507	420	48,003	(416)	2,245	(208)	53,091	
Balance as at April 1, 2022	-	226	2,272	42	507	420	48,003	(416)	2,245	(208)	53,091	
Profit for the period	-	-	-	-	-	-	9,803	-	-	-	9,803	
Other comprehensive income (net of taxes) (refer note 29)	-	-	-	-	-	-	-	-	(3,686)	76	(3,610)	
Issue of equity shares (Note 12)	-	-	-	-	5	-	-	-	-	-	5	
Utilised during the period	-	-	(941)	-	-	-	941	-	-	-	-	
Transferred to securities premium on allotment against stock options	-	-	-	-	104	(104)	-	-	-	-	-	
Compensation cost related to employee share based payment (refer note 21)	-	-	-	-	-	198	-	-	-	-	198	
Transfer on account of share options not exercised	-	-	-	-	-	(6)	6	-	-	-	-	
Cash dividends (refer note 13.1)	-	-	-	-	-	-	(4,451)	-	-	-	(4,451)	
Balance as at September 30, 2022	-	226	1,331	42	616	508	54,302	(416)	(1,441)	(132)	55,036	

See accompanying notes to the consolidated interim financial statements
As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No.: 008072S

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

Monisha Parikh
Partner
Membership No.: 47840

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

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

Place: Bengaluru
Date : October 13, 2022

Vinit Ajit Teredesai
Chief Financial Officer
Place: Mumbai

Date : October 13, 2022

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

(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) and Healthcare (HCARE). 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 interim financial statements were authorized for issuance by the Company's Board of Directors on October 13, 2022.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These consolidated interim financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Group has consistently applied accounting policies to all periods.

(b) Basis of measurement

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

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

(c) Use of estimates and judgment

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

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

i) Revenue recognition:

a) The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. As the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

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

ii) *Income taxes:* The Group's two major tax jurisdictions are India and USA, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer note 18.

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.

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 interim 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.

2.2 Basis of consolidation

Subsidiaries

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

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

2.3 Summary of significant accounting policies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and balances

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

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

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

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

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

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

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

(iii) Financial instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. 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 and Loss account (FVTPL), non derivative financial liabilities at amortized cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

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

a) *Non-derivative financial assets*

(i) Financial assets at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, investment in term deposits, investment in debt securities, investment in commercial papers, 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.

(ii) Debt instruments at FVTOCI

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

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

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

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

(iii) Equity instruments at FVTOCI

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

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

(iv) Financial assets at FVTPL

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

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

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

b) *Non-derivative financial liabilities*

(i) Financial liabilities at amortized cost

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

(ii) Financial liabilities at FVTPL

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

Mindtree Limited**Significant accounting policies and notes to the consolidated interim financial statements****For the quarter and six months ended September 30, 2022****(Rupees in millions, except share and per share data, unless otherwise stated)***c) Derivative financial instruments*

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

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

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

The Group separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

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

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 Ind AS 109. 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.

(iv) Property, plant and equipment

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

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

Category	Useful life
Buildings	5 - 30 years
Leasehold improvements	5 years
Plant and machinery	1 - 4 years
Office equipment	4 years
Computers	2 - 4 years
Electrical installations	3 years
Furniture and fixtures	5 years
Vehicles	4 years

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

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

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

(v) Intangible assets

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

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

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

(vi) Business combination, Goodwill and Intangible assets

a) Business combination

Acquisitions which satisfy the optional concentration test as per Ind AS 103 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 and 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, it is considered as a bargain purchase gain.

c) Intangible assets

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

(vii) Leases

The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, 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 Ind AS 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.

(viii) 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.

(ix) Impairment

a) Financial assets

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

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

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

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

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

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

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

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

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

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

b) Non-financial assets

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

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

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

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

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

(x) 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 and loss in the period in which the employee renders services.

b) Gratuity

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

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

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

c) Compensated absences

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

(xi) Share based payments

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

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

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

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

(xii) 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.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

(xiii) 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 and loss in the period in which such losses become probable based on the current contract estimates.

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

In arrangements for software development and related services and maintenance services, the Group applies the guidance in Ind AS 115, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Group measures the revenue in respect of distinct performance obligation at its standalone selling price, in accordance with principles given in Ind AS 115.

The Group accounts for 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 revenue earned 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'.

(xiv) 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.

(xv) Other income and finance expense

Other income includes interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the consolidated statement of profit and loss, using the effective interest rate method.

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

Finance expenses includes interest expense on loans, borrowings and lease liabilities. Borrowing costs are recognized in the consolidated statement of profit and loss using the effective interest rate method.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

(xvi) Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

(xvii) Earnings Per Share (EPS)

Basic EPS 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 held 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 period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(xviii) 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.

(xix) Government grants

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

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

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

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

(xx) 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.

(xxi) 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.

(xxii) Non-current assets held for sale

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

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

Non-current assets

3 Property, plant and equipment

Particulars	Land	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Computers	Electrical installations	Furniture and fixtures	Vehicles	Total
Gross carrying value										
At April 1, 2021	33	2,840	2,380	219	1,103	4,404	819	579	9	12,386
Effect of common control business combination (refer note 42)	-	-	-	39	4	21	3	5	-	72
Additions	-	119	128	-	33	724	-	-	-	1,004
Disposals / adjustments	-	(1)	-	-	(1)	(151)	-	(1)	-	(154)
At September 30, 2021	33	2,958	2,508	258	1,139	4,998	822	583	9	13,308
At April 1, 2021	33	2,840	2,380	219	1,103	4,404	819	579	9	12,386
Effect of common control business combination (refer note 42)	-	-	-	39	4	21	3	5	-	72
Additions	-	188	159	2	38	1,812	12	-	-	2,211
Disposals / adjustments	-	(1)	(1)	-	(3)	(245)	(27)	(2)	-	(279)
At March 31, 2022	33	3,027	2,538	260	1,142	5,992	807	582	9	14,390
At April 1, 2022	33	3,027	2,538	260	1,142	5,992	807	582	9	14,390
Additions	-	7	218	-	90	832	19	32	-	1,198
Disposals / adjustments	-	-	-	-	-	(202)	-	-	-	(202)
At September 30, 2022	33	3,034	2,756	260	1,232	6,622	826	614	9	15,386
Accumulated depreciation										
At April 1, 2021	-	1,421	1,964	219	961	3,533	782	461	6	9,347
Effect of common control business combination (refer note 42)	-	-	-	5	1	5	-	1	-	12
Depreciation expense	-	71	86	3	42	246	21	21	1	491
Disposals / adjustments	-	(1)	-	-	(1)	(150)	-	(1)	-	(153)
At September 30, 2021	-	1,491	2,050	227	1,003	3,634	803	482	7	9,697
At April 1, 2021	-	1,421	1,964	219	961	3,533	782	461	6	9,347
Effect of common control business combination (refer note 42)	-	-	-	5	1	5	-	1	-	12
Depreciation expense	-	138	171	10	84	604	34	43	2	1,086
Disposals / adjustments	-	(1)	(1)	-	(3)	(244)	(27)	(2)	-	(278)
At March 31, 2022	-	1,558	2,134	234	1,043	3,898	789	503	8	10,167
At April 1, 2022	-	1,558	2,134	234	1,043	3,898	789	503	8	10,167
Depreciation expense	-	66	101	5	44	450	9	23	1	699
Disposals / adjustments	-	-	-	-	-	(201)	-	-	-	(201)
At September 30, 2022	-	1,624	2,235	239	1,087	4,147	798	526	9	10,665
Net carrying value as at September 30, 2022	33	1,410	521	21	145	2,475	28	88	-	4,721
Net carrying value as at March 31, 2022	33	1,469	404	26	99	2,094	18	79	1	4,223
Net carrying value as at September 30, 2021	33	1,467	458	31	136	1,364	19	101	2	3,611

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

4 Capital work-in-progress ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress					
As at September 30, 2022	17	-	-	-	17
As at March 31, 2022	215	-	-	-	215

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

5 Right-of-use assets

Particulars	Land	Buildings	Total
Gross carrying value			
At April 1, 2021	53	6,654	6,707
Additions	-	607	607
Disposals / adjustments	-	(80)	(80)
At September 30, 2021	53	7,181	7,234
At April 1, 2021	53	6,654	6,707
Additions	-	1,073	1,073
Disposals / adjustments	-	(753)	(753)
At March 31, 2022	53	6,974	7,027
At April 1, 2022	53	6,974	7,027
Additions	-	901	901
Disposals / adjustments	-	(3)	(3)
At September 30, 2022	53	7,872	7,925
Accumulated depreciation			
At April 1, 2021	9	1,925	1,934
Depreciation expense	-	567	567
Disposals / adjustments	-	(80)	(80)
At September 30, 2021	9	2,412	2,421
At April 1, 2021	9	1,925	1,934
Depreciation expense	1	1,121	1,122
Disposals / adjustments	-	(753)	(753)
At March 31, 2022	10	2,293	2,303
At April 1, 2022	10	2,293	2,303
Depreciation expense	-	535	535
Disposals / adjustments	-	(3)	(3)
At September 30, 2022	10	2,825	2,835
Net carrying value as at September 30, 2022	43	5,047	5,090
Net carrying value as at March 31, 2022	43	4,681	4,724
Net carrying value as at September 30, 2021	44	4,769	4,813

6 Goodwill and other intangible assets

a) Goodwill and other intangible assets	Goodwill	Other intangible assets								Total other intangible assets
		Intellectual property	Business alliance relationships	Customer relationships	Non compete agreement	Vendor relationships	Tradenname	Technology	Computer software	
Gross carrying value										
At April 1, 2021	4,732	67	72	1,329	56	745	306	262	1,242	4,079
Effect of common control business combination (refer note 42)	-	-	-	-	-	-	-	64	-	64
Additions	-	-	-	-	-	-	-	-	6	6
At September 30, 2021	4,732	67	72	1,329	56	745	306	326	1,248	4,149
At April 1, 2021	4,732	67	72	1,329	56	745	306	262	1,242	4,079
Effect of common control business combination (refer note 42)	-	-	-	-	-	-	-	64	-	64
Additions	-	-	-	-	-	-	-	-	7	7
Disposals / adjustments	-	-	-	-	-	-	-	-	(9)	(9)
At March 31, 2022	4,732	67	72	1,329	56	745	306	326	1,240	4,141
At April 1, 2022	4,732	67	72	1,329	56	745	306	326	1,240	4,141
Additions	-	-	-	-	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At September 30, 2022	4,732	67	72	1,329	56	745	306	326	1,240	4,141
Accumulated amortization										
At April 1, 2021	-	67	72	1,329	56	577	306	262	1,196	3,865
Amortization expense	-	-	-	-	-	113	-	3	18	134
At September 30, 2021	-	67	72	1,329	56	690	306	265	1,214	3,999
At April 1, 2021	-	67	72	1,329	56	577	306	262	1,196	3,865
Amortization expense	-	-	-	-	-	168	-	8	36	212
Disposals / adjustments	-	-	-	-	-	-	-	-	(9)	(9)
At March 31, 2022	-	67	72	1,329	56	745	306	270	1,223	4,068
At April 1, 2022	-	67	72	1,329	56	745	306	270	1,223	4,068
Amortization expense	-	-	-	-	-	-	-	5	11	16
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At September 30, 2022	-	67	72	1,329	56	745	306	275	1,234	4,084
Net carrying value as at September 30, 2022	4,732	-	-	-	-	-	-	51	6	57
Net carrying value as at March 31, 2022	4,732	-	-	-	-	-	-	56	17	73
Net carrying value as at September 30, 2021	4,732	-	-	-	-	55	-	61	34	150
Estimated useful life (in years)	NA	5	4	3 - 5	5	6	5.25 - 5.75	5.75 - 6	2	
Estimated remaining useful life (in years)	NA	-	-	-	-	-	-	4.75	0.35 - 1.32	

The aggregate amount of research and development expense recognized in the statement of profit and loss for the quarter and six months ended September 30, 2022 is Rs 36 and Rs 68 respectively (For the quarter and six months ended September 30, 2021 Rs 69 and Rs 134 respectively).

Mindtree Limited**Significant accounting policies and notes to the consolidated interim financial statements**

For the quarter and six months ended September 30, 2022

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

6 Goodwill and other intangible assets**b) Impairment**

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Carrying value at the beginning of the period	4,732	4,732
Carrying value at the end of the period	4,732	4,732

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

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

The Group does its impairment evaluation on an annual basis and based on such evaluation as of 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	
Discount rate	14.1% - 18.9%	

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	September 30, 2022	March 31, 2022
RCM	2,442	2,442
BFSI	1,179	1,179
CMT	1,037	1,037
TTH	74	74
HCARE	-	-
Total	4,732	4,732

The Group has reviewed for impairment indicators as at September 30, 2022 and has noted no such indicators.

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

Non-current assets

7 Financial assets

7.1 Investments

Particulars	As at September 30, 2022		As at March 31, 2022	
	No. of units	Amount	No. of units	Amount
i) Investments in equity instruments (unquoted)				
Equity shares of Rs 1 each in NuvePro Technologies Private Limited	950,000	1	950,000	1
Total		1		1
ii) Investments in preference shares (unquoted)				
Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$ 0.2557 each in 30 Second Software Inc.	643,790	7	643,790	7
Series A Preferred stock at US\$ 0.0001 each fully paid at premium of US \$ 238.3474 each in COPE Healthcare Consulting Inc. (refer note 44)	18,880	343	-	-
Total		350		7
iii) Investments in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of Rs 1,000,000 each in LIC Housing Finance Limited	200	208	200	215
Unsecured redeemable non-convertible debentures of Rs 1,000,000 each in Tata Capital Limited	200	204	200	211
Secured redeemable non-convertible debentures of Rs 1,000,000 each in Bajaj Finance Limited	100	104	100	101
Unsecured redeemable non-convertible non-cumulative taxable bonds of Rs 1,000,000 each in PFC Limited	350	379	350	394
Unsecured redeemable non-convertible taxable bonds of Rs 1,000,000 each in Rural Electrification Corporation Limited	250	278	250	286
Zero coupon bonds of Rs 1,000,000 each in HDB Financial Services Limited	100	108	100	106
Unsecured redeemable non-convertible debentures of Rs 1,000,000 each in M&M Financial Services Limited	100	102	100	105
Secured redeemable non-convertible debentures of Rs 10,000,000 each in HDFC Limited	5	54	5	56
Total		1,437		1,474
iv) Investments in term deposit (unquoted)				
Interest bearing deposits with:				
-PNB Housing Finance Limited		-		262
-Bajaj Finance Limited		104		555
-HDFC Limited		416		403
-LIC Housing Finance Limited		-		100
Total		520		1,320
v) Investments in perpetual bonds (quoted)				
Perpetual bonds of Rs 1,000,000 each in HDFC Bank	-	-	100	108
Perpetual bonds of Rs 1,000,000 each in State Bank of India	200	205	200	206
Total		205		314
Grand Total		2,513		3,116
Aggregate amount of quoted investments		1,642		1,788
Aggregate market value of quoted investments		1,642		1,788
Aggregate amount of unquoted investments		871		1,328
Aggregate amount of impairment in value of investments		-		-

7.2 Other financial assets

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Security deposits	753	677
Derivative financial instruments	124	1,787
Total	877	2,464

8 Other non-current assets

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Capital advances	-	12
Advance income-tax including tax deducted at source (net of provision for taxes)	1,091	1,219
Prepaid expenses	103	39
Service tax receivable	1	11
Others	6	5
Total	1,201	1,286

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

Current assets

9	Inventories	As at	
		September 30, 2022	March 31, 2022
	Particulars		
	Project-related inventories	37	41
	Total	37	41

10 Financial assets

10.1	Investments	As at	
		September 30, 2022	March 31, 2022

Particulars	As at		As at	
	No. of units	Amount	No. of units	Amount
i) Investments in mutual funds (quoted)				
Aditya Birla Sun Life Mutual Fund	9,645,699	1,377	14,717,977	1,513
Axis Mutual Fund	13,102,225	1,252	12,627,473	1,409
DSP Mutual Fund	48,884,239	873	65,716,598	1,063
Edelweiss Mutual Fund	19,375,942	201	19,375,942	202
HDFC Mutual Fund	25,984,986	1,507	25,945,544	1,284
ICICI Prudential Mutual Fund	30,720,133	1,064	34,539,575	1,192
IDFC Mutual Fund	66,305,455	1,414	88,235,655	1,758
Invesco Mutual Fund	118,590	348	205,249	620
Kotak Mutual Fund	17,516,494	1,547	15,603,841	1,254
L&T Mutual Fund	19,356,107	919	19,222,344	518
Nippon India Mutual Fund	51,424,061	1,165	50,551,182	1,228
SBI Mutual Fund	64,722,334	1,689	66,584,762	1,722
Tata Mutual Fund	6,564,225	952	9,118,935	861
UTI Mutual Fund	31,135,628	975	31,204,802	954
Total		15,283		15,578
ii) Investment in non-convertible bonds/ debentures (quoted)				
Secured redeemable zero coupon non-convertible debentures of Rs 1,000,000 each in Bajaj Finance Limited	-	-	150	206
Secured redeemable non-convertible debentures of Rs 1,000,000 each in HDFC Limited	-	-	150	157
Secured redeemable non-convertible debentures of Rs 1,000,000 each in LIC Housing Finance Limited	-	-	500	530
Secured redeemable non-convertible debentures of Rs 1,000,000 each in Tata Capital Financial Services Limited	-	-	130	168
Secured redeemable non-convertible debentures of Rs 1,000 each in M&M Financial Services Limited	-	-	100,000	109
Secured redeemable non-convertible debentures of Rs 1,000,000 each in M&M Financial Services Limited	-	-	50	54
Secured redeemable non-convertible debentures of Rs 800,000 each in Piramal Capital and Housing Finance Limited	-	-	36	29
Secured redeemable market-linked non-convertible debentures of Rs 1,000,000 each in Aditya Birla Finance Limited	-	-	56	71
Total		-		1,324
iii) Investments in term deposit (unquoted)				
Interest bearing deposits with:				
-Bajaj Finance Limited		1,497		508
-Housing Development Finance Corporation Limited		-		173
-Kotak Mahindra Investments Limited		1,444		1,011
-LIC Housing Finance Limited		1,752		2,162
-PNB Housing Finance Limited		427		257
Total		5,120		4,111
iv) Investments in commercial paper (unquoted)				
-Barclays Investments and Loans (India) Private Limited		1,482		888
-Kotak Mahindra Investments Limited		250		490
Total		1,732		1,378
Grand Total		22,135		22,391
Aggregate carrying amount of quoted investments		15,283		16,902
Aggregate market value of quoted investments		15,283		16,902
Aggregate amount of unquoted investments		6,852		5,489

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

10.2 Trade receivables

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Considered good - unsecured	18,542	17,723
Less: Allowance for expected credit losses	(484)	(410)
Total	18,058	17,313

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total	
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years		More than 3 years
As at September 30, 2022							
Undisputed - considered good	15,265	2,782	253	58	44	42	18,444
Disputed - considered good	-	-	-	45	53	-	98
	15,265	2,782	253	103	97	42	18,542
As at March 31, 2022							
Undisputed - considered good	14,146	3,286	92	50	28	29	17,631
Disputed - considered good	-	-	-	67	25	-	92
	14,146	3,286	92	117	53	29	17,723

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

Particulars	Ageing			
	1-90 days	91-180 days	181-360 days	More than 360 days*
Default rate as at September 30, 2022	0.4%	2.0%	20.4%	84.0%
Default rate as at March 31, 2022	0.5%	3.2%	18.2%	70.5%

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

Movement in the expected credit loss allowance

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	437	477	410	448	448
Allowance for expected credit loss (net)	47	(8)	74	21	85
Bad debts written off during the period	-	-	-	-	(123)
Balance at the end of the period	484	469	484	469	410

10.3 Cash and cash equivalents

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Balances with banks in current accounts and deposit accounts*	13,530	10,485
Other bank balances**	73	28
Cash and cash equivalents as per balance sheet	13,603	10,513
Book overdrafts used for cash management purposes (refer note 15.2)	-	-
Cash and cash equivalents as per statement of cash flows	13,603	10,513

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

**Other bank balances represent earmarked balances in respect of unclaimed dividend and unspent Corporate Social Responsibility (CSR).

10.4 Other financial assets

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Security deposits	17	16
Advances to employees	254	363
Less: Provision for doubtful advances to employees	(37)	(23)
	217	340
Unbilled revenue*	4,975	3,768
Derivative financial instruments	285	1,703
Total	5,494	5,827

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

11 Other current assets

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Advance to suppliers	70	94
Prepaid expenses	1,024	1,469
Unbilled revenue*	2,591	2,363
Others**	778	729
Total	4,463	4,655

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

**Includes balances with government authorities.

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

12 Equity share capital

a) Particulars	As at	As at
	September 30, 2022	March 31, 2022
Authorised		
800,000,000 (March 31, 2022 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,899,258 (March 31, 2022 : 164,833,772) equity shares of Rs 10 each fully paid*	1,649	1,648
Total	1,649	1,648

*Net of 45,885 (March 31, 2022: Nil) treasury shares held by Mindtree Employee Welfare Trust.

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

Particulars	As at September 30, 2022		As at March 31, 2022	
	Number of shares	Rs	Number of shares	Rs
Number of shares outstanding at the beginning of the period	164,833,772	1,648	164,719,766	1,647
Add: Shares issued on exercise of stock options and restricted shares	65,486	1	114,006	1
Number of shares outstanding at the end of the period	164,899,258	1,649	164,833,772	1,648

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

Terms/rights attached to equity shares

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

The Company declares and pays dividends in Indian rupees.

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

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

Name of the shareholder	As at September 30, 2022		As at March 31, 2022	
	Number of shares	%	Number of shares	%
Larsen & Toubro Limited (Promoter)	100,527,734	60.96%	100,527,734	60.99%

e) In the period of five years immediately preceding September 30, 2022:

i) Pursuant to the approval of the Board and the Administrative Committee at its meetings held on June 28, 2017 and July 20, 2017 respectively, the Company bought back 4,224,000 equity shares of Rs 10 each on a proportionate basis, at a price of Rs 625 per equity share for an aggregate consideration of Rs 2,640 (Rupees Two thousand six hundred and forty million only), and completed the extinguishment of the equity shares bought back. Capital redemption reserve has been created to the extent of nominal value of share capital extinguished amounting to Rs 42. The buyback and creation of capital redemption reserve was effected by utilizing the securities premium and free reserves.

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

f) Shareholding of promoters:

Promoter name	Shares held at September 30, 2022		Percentage change during the six months ended September 30, 2022
	No. of shares	% of total shares	
Larsen & Toubro Limited	100,527,734	60.96%	(0.04%)

g) **Employee stock based compensation**

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Company administers below mentioned restricted stock purchase plan 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	Quarter ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares at the beginning of the quarter	21,300	10.00	15,300	10.00
Granted during the quarter	30,338	10.00	54,656	10.00
Exercised during the quarter	41,156	10.00	65,056	10.00
Outstanding shares at the end of the quarter	10,482	10.00	4,900	10.00
Shares vested and exercisable at the end of the quarter	10,482	10.00	4,900	10.00

Particulars	Six months ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares at the beginning of the period	8,435	10.00	5,200	10.00
Granted during the period	51,638	10.00	80,356	10.00
Exercised during the period	46,156	10.00	80,656	10.00
Lapsed during the period	3,435	10.00	-	-
Outstanding shares at the end of the period	10,482	10.00	4,900	10.00
Shares vested and exercisable at the end of the period	10,482	10.00	4,900	10.00

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

Other stock based compensation arrangements

The Company has also granted letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at September 30, 2022 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/ shares as at the beginning of the period	65,223
Number of units/ shares granted under letter of intent during the period	-
Vested units/ shares	51,638
Lapsed units/ shares	-
Cancelled units/ shares	-
Outstanding units/ shares as at the end of the period	13,585
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 was Rs 873.36 using the Black-Scholes model with the following assumptions:

Particulars	As at September 30, 2022
Weighted average grant date share price	Rs 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 loans 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. The options 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	Quarter ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options at the beginning of the quarter	278,596	10.00	-	-
Granted during the quarter	25,320	10.00	298,900	10.00
Exercised during the quarter	17,390	10.00	-	-
Cancelled during the quarter	4,262	10.00	-	-
Outstanding options at the end of the quarter	282,264	10.00	298,900	10.00
Options vested and exercisable at the end of the quarter	41,315	10.00	-	-

Particulars	Six months ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options at the beginning of the period	311,968	10.00	-	-
Granted during the period	39,868	10.00	298,900	10.00
Exercised during the period	17,390	10.00	-	-
Cancelled during the period	52,182	10.00	-	-
Outstanding options at the end of the period	282,264	10.00	298,900	10.00
Options vested and exercisable at the end of the period	41,315	10.00	-	-

The options outstanding as at September 30, 2022 have an exercise price of Rs 10 (As at March 31, 2022: Rs 10) and a weighted average remaining contractual life of 1.51 years (As at March 31, 2022: 1.88 years).

The weighted average fair value of each option under the above mentioned Series A of ESOP 2021 plan was Rs 3,155.57 using the Black-Scholes model with the following assumptions:

Particulars	As at September 30, 2022
Weighted average grant date share price	Rs 3,055.19
Exercise price	Rs 10
Dividend yield %	0.11%
Expected life	1-4 years
Risk free interest rate	5.26%
Volatility	34.91%

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

ESOP 2021 - Series B

Particulars	Quarter ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options at the beginning of the quarter	158,760	3,304.78	-	-
Granted during the quarter	-	-	129,820	2,683.80
Exercised during the quarter	1,940	2,683.80	-	-
Cancelled during the quarter	6,670	3,463.35	-	-
Outstanding options at the end of the quarter	150,150	3,339.15	129,820	2,683.80
Options vested and exercisable at the end of the quarter	23,600	2,683.80	-	-

Particulars	Six months ended			
	September 30, 2022		September 30, 2021	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding options at the beginning of the period	170,000	3,290.65	-	-
Granted during the period	-	-	129,820	2,683.80
Exercised during the period	1,940	2,683.80	-	-
Cancelled during the period	17,910	2,959.78	-	-
Outstanding options at the end of the period	150,150	3,339.15	129,820	2,683.80
Options vested and exercisable at the end of the period	23,600	2,683.80	-	-

The options outstanding as at September 30, 2022 have an exercise price of Rs 3,339.15 (As at March 31, 2022: Rs 3,290.65) and a weighted average remaining contractual life of 1.52 years (As at March 31, 2022: 1.99 years).

The weighted average fair value of each option under the above mentioned ESOP 2021 plan was Rs 937.95 using the Black-Scholes model with the following assumptions:

Particulars	As at September 30, 2022
Weighted average grant date share price	Rs 3,456.81
Exercise price	Rs 3,339.15
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.

13 Other equity

Particulars	As at September 30, 2022	As at March 31, 2022
a) Capital reserve Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	-	-
b) Capital redemption reserve A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares pursuant to Section 69 of the Companies Act, 2013.	42	42
c) Securities premium Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.	616	507
d) General reserve This represents appropriation of profit by the Company.	226	226
e) Special Economic Zone reinvestment reserve This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income Tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of the Income Tax Act, 1961.	1,331	2,272
f) Retained earnings Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.	54,302	48,003
g) Share option outstanding account The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees.	508	420
h) Effective portion of cash flow hedges Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve (net of taxes) to the extent that the hedge is effective.	(1,441)	2,245
i) Foreign currency translation reserve Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	(416)	(416)
j) Other items of other comprehensive income Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/asset.	(132)	(208)
Total	55,036	53,091

Refer consolidated statement of changes in equity for movement during the period.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

13.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the six months ended September 30, 2022 and year ended March 31, 2022 was Rs 27 and Rs 27.5 respectively.

The Board of Directors had 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 was approved by the shareholders at the Annual General Meeting held on July 13, 2022. The aforesaid dividend was paid during the period.

Non-current liabilities

14 Financial liabilities

14.1 Other financial liabilities

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Derivative financial instruments	1,236	1
Others (Security deposits for sub-lease)	3	3
Total	1,239	4

Current liabilities

15 Financial liabilities

15.1 Trade payables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Not due	Less than 1 year	1 - 2 years	2 - 3 years	
As at September 30, 2022						
a) Micro, small and medium enterprises	-	87	-	-	-	87
b) Others	3,717	1,688	179	-	-	5,584
Total	3,717	1,775	179	-	-	5,671
As at March 31, 2022						
a) Micro, small and medium enterprises	-	95	-	-	-	95
b) Others	3,596	1,666	-	-	-	5,262
Total	3,596	1,761	-	-	-	5,357

15.2 Other financial liabilities

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Book overdrafts	-	-
Unclaimed dividends	26	28
Employee benefits payable	4,235	5,594
Derivative financial instruments	1,157	12
Capital creditors	83	261
Liability towards transfer of business (refer note 42)	171	990
Others*	749	-
Total	6,421	6,885

*Represents liabilities towards factoring arrangement.

16 Other current liabilities

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Unearned income (refer note 16.1)	540	775
Statutory dues (including provident fund and tax deducted at source)	1,421	1,430
Advance from customers	315	864
Gratuity payable (net)*	153	213
Liability for discount	1,177	1,033
Others	42	3
Total	3,648	4,318

*Refer note 22 for details of gratuity plan as per Ind AS 19.

16.1 Unearned income

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	677	379	775	322	322
Invoiced during the period	1,542	1,934	3,355	3,296	7,878
Revenue recognized during the period	(1,679)	(1,886)	(3,590)	(3,191)	(7,425)
Balance at the end of the period	540	427	540	427	775

17 Provisions

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Provision for post contract support services	21	22
Provision for foreseeable losses on contracts	5	1
Provision for compensated absences	1,939	1,530
Provision for disputed dues*#	839	812
Provision for unspent CSR expenses	47	77
Total	2,851	2,442

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

#Also refer note 36(e).

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

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

Provision for post contract support services

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

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	21	16	22	15	15
Provisions made during the period	-	5	-	6	8
Released during the period	-	-	(1)	-	(1)
Provision at the end of the period	21	21	21	21	22

Provision for foreseeable losses on contracts

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

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	3	21	1	16	16
Provisions made during the period	39	17	45	61	66
Released during the period	(37)	(32)	(41)	(71)	(81)
Provision at the end of the period	5	6	5	6	1

Provision for disputed dues

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	830	772	812	759	759
Provisions made during the period	13	14	31	27	53
Released during the period	(4)	-	(4)	-	-
Provision at the end of the period	839	786	839	786	812

Provision for unspent CSR expenses

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	55	-	77	-	-
Provisions made during the period	-	-	-	-	77
Utilisation during the period	(8)	-	(30)	-	-
Provision at the end of the period	47	-	47	-	77

18 Income tax

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

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Current tax	1,575	1,387	3,243	2,636
Deferred tax	5	(56)	(124)	(87)
Income tax expense recognised in the statement of profit and loss	1,580	1,331	3,119	2,549

Income tax expense recognised in other comprehensive income:

- Current tax arising on income and expense recognised in other comprehensive income				
Remeasurement of defined benefit plan	(11)	(10)	(25)	(16)
- Deferred tax arising on income and expense recognised in other comprehensive income				
Effective portion of cash flow hedges	545	(306)	1,691	(278)
Total	534	(316)	1,666	(294)

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

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit before tax	6,667	5,320	12,922	9,972
Enacted income tax rate in India*	25.17%	34.94%	25.17%	34.94%
Computed expected tax expense	1,678	1,859	3,252	3,484

Effect of:

Income exempt from tax	-	(581)	-	(997)
Temporary differences reversing during the tax holiday period	-	(10)	-	(30)
Expenses (net) that are not deductible in determining taxable profit	11	16	25	27
Different tax rates of branches/ subsidiaries operating in other jurisdictions	53	61	87	86
Income subject to different tax rates	-	18	1	22
Effect of differential tax rates	-	-	(100)	-
True-up of tax provisions related to previous periods	(217)	(33)	(227)	(44)
Others	55	1	81	1
Income tax expense recognised in the statement of profit and loss	1,580	1,331	3,119	2,549

*For the current period, the Group has provided for the tax expense by adopting special rate taxation under section 115BAA of the Income Tax Act, 1961.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

Deferred tax

Deferred tax assets/ (liabilities) as at September 30, 2022 in relation to:

Particulars	As at April 1, 2022	Recognised in profit and loss	Recognised in Other Comprehensive Income	As at September 30, 2022
Property, plant and equipment	472	(61)	-	411
Right-of-use assets net of lease liabilities	200	10	-	210
Allowance for expected credit losses	94	20	-	114
Provision for compensated absences	351	111	-	462
Intangible assets	(63)	(30)	-	(93)
Net gain on fair value of investments	(359)	99	-	(260)
Effective portion of cash flow hedges	(1,206)	-	1,691	485
Others	350	(25)	-	325
Total	(161)	124	1,691	1,654

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

Particulars	As at April 1, 2021	Recognised in profit and 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 September 30, 2021 in relation to:

Particulars	As at April 1, 2021	Recognised in profit and loss	Recognised in Other Comprehensive Income	As at September 30, 2021
Property, plant and equipment	657	(7)	-	650
Right-of-use assets net of lease liabilities	167	15	-	182
Allowance for expected credit losses	105	5	-	110
Provision for compensated absences	289	143	-	432
Intangible assets	(48)	-	-	(48)
Net gain on fair value of investments	(322)	(76)	-	(398)
Effective portion of cash flow hedges	(726)	-	(278)	(1,004)
Others	229	7	-	236
Total	351	87	(278)	160

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Unused tax losses (long term capital loss) which expire in:		
-FY 2021-22	-	18
-FY 2022-23	-	28
-FY 2023-24	-	22
Unused tax losses of foreign jurisdiction	64	79

The Group has units at Bengaluru, Hyderabad, Chennai and Bhubaneswar registered as Special Economic Zone (SEZ) units which were 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.

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

Dividend income from certain category of investments is exempt from tax.

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

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

19 Revenue from operations

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

Revenue by contract type

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Fixed-price and Maintenance	64%	66%	66%	67%
Time and materials	36%	34%	34%	33%
Total	100%	100%	100%	100%

Refer note 38 for disaggregation of revenue by industry and geographical segments.

Transaction price allocated to the remaining performance obligations

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Within 1 year	61,449	54,847
1-3 years	22,449	21,183
More than 3 years	1,538	2,195

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

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

20 Other income

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net gain on financial assets designated at fair value through profit or loss*	245	262	260	489
Interest income on financial assets at amortized cost	146	93	292	174
Interest income on financial assets at fair value through profit or loss	8	8	8	17
Foreign exchange gain, net	-	286	-	652
Others**	87	99	271	134
Total	486	748	831	1,466

*Includes net gain on sale of investments for the quarter and six months ended September 30, 2022 Rs 197 and Rs 257 respectively (For the quarter and six months ended September 30, 2021 Rs 112 and Rs 273 respectively).

**Includes net gain on disposal of property, plant and equipment for the quarter and six months ended September 30, 2022 Rs 13 (For the quarter and six months ended September 30, 2021 Rs 4).

21 Employee benefits expense

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries and wages (refer note 28)	18,864	14,447	36,026	27,055
Contribution to provident and other funds*	1,448	1,026	2,713	1,997
Share based payments to employees (refer note 12(g))**	108	110	200	146
Staff welfare expenses	54	61	71	119
Total	20,474	15,644	39,010	29,317

*Includes contribution to defined contribution plans for the quarter and six months ended September 30, 2022 Rs 1,300 and Rs 2,464 respectively (For the quarter and six months ended September 30, 2021 Rs 937 and Rs 1,841 respectively). Also refer note 36(e).

**The employees of the Group are eligible for shares under Employee Stock Option Plans of L&T Limited. The Group has recorded for the quarter and six months ended September 30, 2022 an amount of Rs 1 and Rs 2 respectively (For the quarter and six months ended September 30, 2021 Rs Nil) as cost of such stock option plans, based on amounts cross-charged by the Parent Company. Also refer note 35.

22 Gratuity

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

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gratuity cost				
Service cost	144	88	242	154
Net interest on net defined liability/(asset)	4	1	7	2
Re-measurement - actuarial (gain)/loss recognised in OCI	(31)	(41)	(101)	(69)
Net gratuity cost	117	48	148	87

Assumptions

Discount rate	6.50%	5.90%	7.30%	5.90%
Salary growth	0%-7.5%	0%-7.5%	0%-7.5%	0%-7.5%
Withdrawal rate	19.29%	15.33%	19.29%	15.33%

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 growth, 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.

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Change in defined benefit obligations		
Obligations at the beginning of the period	1,531	1,408
Service cost	242	377
Interest cost	49	82
Benefits settled	(137)	(257)
Adjustment towards transfer of business (refer note 42)	-	7
Actuarial (gain)/loss - experience	25	(36)
Actuarial (gain)/loss – demographic assumptions	(40)	12
Actuarial (gain)/loss – financial assumptions	(84)	(62)
Obligations at the end of the period	1,586	1,531
Change in plan assets		
Plan assets at the beginning of the period, at fair value	1,318	1,325
Interest income on plan assets	42	77
Adjustment towards transfer of business (refer note 42)	-	7
Return on plan assets greater/(lesser) than discount rate	2	21
Contributions	208	143
Benefits settled	(137)	(255)
Plan assets at the end of the period, at fair value	1,433	1,318

Historical information:

Particulars	As at September 30,	As at March 31,	As at March 31,	As at March 31,	As at March 31,
	2022	2022	2021	2020	2019
Present value of defined benefit obligation	(1,586)	(1,531)	(1,408)	(1,071)	(874)
Fair value of plan assets	1,433	1,318	1,325	789	644
Liability recognised	(153)	(213)	(83)	(282)	(230)

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Experience adjustment on plan liabilities	25	(36)
Experience adjustment on plan assets	2	22

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:

Particulars	As at September 30, 2022		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(77)	84	(92)	103
Future salary growth (1% movement)	84	(78)	102	(93)
Withdrawal rate (1% movement)	(9)	10	(13)	14

Maturity profile of defined benefit obligation:

Particulars	As at	
	September 30, 2022	March 31, 2022
Within 1 year	272	196
1-2 years	253	192
2-3 years	232	191
3-4 years	225	185
4-5 years	214	183
5-10 years	704	695
More than 10 years	556	862

The Group expects to contribute Rs 623 to its defined benefit plans during the next year.

As at September 30, 2022 and March 31, 2022 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.

23 Finance costs

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest expense on lease liabilities	135	123	257	250
Interest expense - others	-	2	-	4
Total	135	125	257	254

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

24 Depreciation and amortization expenses

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Depreciation of property, plant and equipment (refer note 3)	363	259	699	491
Depreciation of right-of-use assets (refer note 5)	280	283	535	567
Amortization of other intangible assets (refer note 6)	8	68	16	134
Total	651	610	1,250	1,192

25 Other expenses

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Travel expenses	384	187	956	406
Communication expenses	158	185	324	366
Computer consumables	704	508	1,294	975
Legal and professional charges	273	276	667	513
Power and fuel	62	45	123	92
Lease rentals*	97	28	179	52
Repairs and maintenance				
- Buildings	115	107	223	192
- Machinery	9	6	20	17
Insurance	32	27	60	52
Rates and taxes	194	153	376	290
Foreign exchange loss, net	190	-	140	-
Other expenses**	927	642	1,832	1,220
Total	3,145	2,164	6,194	4,175

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

**Includes expenditure incurred on CSR activities. Refer note 39 for details of CSR expenses.

26 Auditor's remuneration

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Payment to auditor as:				
(a) auditor	5	5	10	10
(b) for taxation matters#	1	1	1	1
(c) for other services*##	1	-	1	1
(d) for reimbursement of expenses	-	-	-	-
Total	7	6	12	12

* The above excludes amounts paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India, for the quarter and six months ended September 30, 2022 Rs Nil (for the quarter and six months ended September 30, 2021 Rs Nil and Rs 3 respectively).

Represents payment towards tax-audit services.

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

27 Earnings Per Share (EPS)

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit for the period (A)	5,087	3,989	9,803	7,423
Weighted average number of equity shares for calculation of basic earnings per share* (B)	164,881,455	164,762,258	164,859,766	164,744,164
Weighted average number of equity shares for calculation of diluted earnings per share* (C)	165,042,234	164,862,843	165,017,689	164,841,817
Earnings per share:				
Equity shares of par value Rs 10 each				
(1) Basic (Rs) (A/B)	30.86	24.21	59.46	45.06
(2) Diluted (Rs) (A/C)	30.83	24.19	59.41	45.03

* Excludes treasury shares.

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

Particulars	For the quarter ended			
	September 30, 2022		September 30, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	164,881,455	164,881,455	164,762,258	164,762,258
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	160,779	-	100,585
Weighted average number of equity shares for calculation of earnings per share	164,881,455	165,042,234	164,762,258	164,862,843
Particulars	For the six months ended			
	September 30, 2022		September 30, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	164,859,766	164,859,766	164,744,164	164,744,164
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	157,923	-	97,653
Weighted average number of equity shares for calculation of earnings per share	164,859,766	165,017,689	164,744,164	164,841,817

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

28 Government grants

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

Nature of expenses	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Grant towards R & D credit	9	9	24	15
Total	9	9	24	15

The grant recognized in the balance sheet is Rs 41 as at September 30, 2022 (As at March 31, 2022 is Rs 63).

- b) During the quarter and six months ended September 30, 2022, the Group received government grants amounting to Rs Nil 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 21) (For the quarter and six months ended September 30, 2021 Rs Nil and Rs 1 respectively).

29 Other Comprehensive Income (OCI)

Components of changes to OCI by each type of reserve in equity is shown below-
During the quarter ended September 30, 2022

Particulars	Effective portion of cash flow hedges	Other items of OCI	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	31	31
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(11)	(11)
	-	20	20
B (i) Items that will be reclassified to profit or loss			
Effective portion of cash flow hedges	(2,165)	-	(2,165)
(ii) Income tax relating to items that will be reclassified to profit or loss	545	-	545
	(1,620)	-	(1,620)
Total	(1,620)	20	(1,600)

During the quarter ended September 30, 2021

Particulars	Effective portion of cash flow hedges	Other items of OCI	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	41	41
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(10)	(10)
	-	31	31
B (i) Items that will be reclassified to profit or loss			
Effective portion of cash flow hedges	876	-	876
(ii) Income tax relating to items that will be reclassified to profit or loss	(306)	-	(306)
	570	-	570
Total	570	31	601

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

During the six months ended September 30, 2022

Particulars	Effective portion of cash flow hedges	Other items of OCI	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	101	101
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(25)	(25)
	-	76	76
B (i) Items that will be reclassified to profit or loss			
Effective portion of cash flow hedges	(5,377)	-	(5,377)
(ii) Income tax relating to items that will be reclassified to profit or loss	1,691	-	1,691
	(3,686)	-	(3,686)
Total	(3,686)	76	(3,610)

During the six months ended September 30, 2021

Particulars	Effective portion of cash flow hedges	Other items of OCI	Total
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gains/ (losses) on defined benefit plans	-	69	69
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(16)	(16)
	-	53	53
B (i) Items that will be reclassified to profit or loss			
Effective portion of cash flow hedges	796	-	796
(ii) Income tax relating to items that will be reclassified to profit or loss	(278)	-	(278)
	518	-	518
Total	518	53	571

30 Leases

a) Group as a lessee

Leases not yet commenced to which the Group is committed, amounts to Rs 244 as at September 30, 2022 for a lease term of 4.42 to 5 years (As at March 31, 2022: Rs 349 for a lease term of 2 to 5.5 years).

b) Group as a lessor

The Group has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the quarter and six months ended September 30, 2022 amounted to Rs 8 and Rs 16 respectively (For the quarter and six months ended September 30, 2021 amounted to Rs 8 and Rs 16 respectively).

Particulars	As at	
	September 30, 2022	March 31, 2022
Receivable – Not later than one year	26	28
Receivable – Later than one year and not later than five years	18	27

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

31 Financial instruments

The carrying value and fair value of financial instruments by categories as at September 30, 2022 and March 31, 2022 is as follows:

Particulars	Carrying value		Fair value	
	September 30, 2022	March 31, 2022	September 30, 2022	March 31, 2022
Financial assets				
Amortized cost				
Trade receivable	18,058	17,313	18,058	17,313
Cash and cash equivalents	13,603	10,513	13,603	10,513
Other financial assets	5,962	4,801	5,962	4,801
Investment in term deposit (unquoted)	5,640	5,431	5,640	5,431
Investment in debt securities (quoted)	1,437	2,798	1,437	2,798
Investment in commercial paper (unquoted)	1,732	1,378	1,732	1,378
FVTOCI				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	350	7	350	7
Derivative financial instruments - cash flow hedge	375	3,460	375	3,460
FVTPL				
Investments in mutual fund (quoted)	15,283	15,578	15,283	15,578
Investments in perpetual bonds (quoted)	205	314	205	314
Derivative financial instruments - fair value hedge	34	30	34	30
Total assets	62,680	61,624	62,680	61,624
Financial liabilities				
Amortized cost				
Lease liabilities	6,134	5,557	6,134	5,557
Trade payables	5,671	5,357	5,671	5,357
Other financial liabilities	5,267	6,876	5,267	6,876
FVTOCI				
Derivative financial instruments - cash flow hedge	2,303	8	2,303	8
FVTPL				
Derivative financial instruments - fair value hedge	90	5	90	5
Total liabilities	19,465	17,803	19,465	17,803

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.

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 September 30, 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 September 30, 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. Also refer note 32.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

32 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at September 30, 2022 and March 31, 2022.

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as at September 30, 2022:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 31, 7.2 & 10.4)	September 30, 2022	409	-	409	-
FVTOCI financial assets designated at fair value (Notes 31 & 7.1):					
Investment in equity instruments (unquoted)	September 30, 2022	1	-	-	1
Investment in preference shares (unquoted)	September 30, 2022	350	-	-	350
FVTPL financial assets designated at fair value (Notes 31, 7.1 & 10.1):					
Investment in mutual funds (quoted)	September 30, 2022	15,283	15,283	-	-
Investment in perpetual bonds (quoted)	September 30, 2022	205	205	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 31, 14.1 & 15.2):	September 30, 2022	2,393	-	2,393	-

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

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 31, 7.2 & 10.4)	March 31, 2022	3,490	-	3,490	-
FVTOCI financial assets designated at fair value (Notes 31 & 7.1):					
Investment in equity instruments (unquoted)	March 31, 2022	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2022	7	-	-	7
FVTPL financial assets designated at fair value (Notes 31, 7.1 & 10.1):					
Investment in mutual funds (quoted)	March 31, 2022	15,578	15,578	-	-
Investment in perpetual bonds (quoted)	March 31, 2022	314	314	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 31, 14.1 & 15.2):	March 31, 2022	13	-	13	-

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

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

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Opening balance	8	8
Remeasurement recognised in OCI	-	-
Purchases	343	-
Sales	-	-
Closing balance	351	8

Derivative financial instruments

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

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

Particulars	As at	
	September 30, 2022	March 31, 2022
Non-designated derivative instruments: in USD millions	2,006	1,725

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

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 September 30, 2022		As at March 31, 2022	
	Not later than 12 months	Later than 12 months	Not later than 12 months	Later than 12 months
Forward Contracts				
Non-designated derivative instruments (Sell)				
Cash flow hedge				
in USD millions	690	1,177	608	926
Average rate	81.42	85.63	80.13	84.31
in INR millions	56,182	100,789	48,717	78,069
Fair value hedge				
in USD millions	139	-	185	-
Average rate	81.57	-	76.12	-
in INR millions	11,338	-	14,082	-
Option contracts (three legged option contracts)				
Non-designated derivative instruments				
Number of contracts	-	-	6	-
Notional amount (in USD millions)	-	-	6	-
Fair value (in INR millions)	-	-	18	-

Refer notes 29, 31 and 33.

Reconciliation of cash flow hedges:

Particulars	For the quarter ended		For the six months ended		For the year ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Balance at the beginning of the period	179	1,300	2,245	1,352	1,352
Gain/ (loss) recognized in other comprehensive income during the period	(2,340)	1,164	(5,385)	1,285	2,551
Amount reclassified to profit and loss during the period	175	(288)	8	(489)	(1,178)
Tax impact on the above	545	(306)	1,691	(278)	(480)
Balance at the end of the period	(1,441)	1,870	(1,441)	1,870	2,245

33 Financial risk management

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

Credit risk

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

Trade and other receivables

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

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

Particulars	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue from top customer	8,900	6,280	16,955	12,534
Revenue from top 5 customers	12,471	8,923	23,953	17,715

One customer accounted for more than 10% of the revenue for the quarter and six months ended September 30, 2022 and September 30, 2021. Further, one customer accounted for more than 10% of the receivables as at September 30, 2022 and September 30, 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.

Liquidity position of the Group is given below:

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Cash and cash equivalents	13,603	10,513
Investments in mutual funds (quoted)	15,283	15,578
Investments in non-convertible bonds/ debentures (quoted)	-	1,324
Investments in term deposit (unquoted)	5,120	4,111
Investments in commercial paper (unquoted)	1,732	1,378
Total	35,738	32,904

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at September 30, 2022 and March 31, 2022:

Particulars	As at September 30, 2022		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,446	1,304	5,337
Trade payables	5,671	-	-
Other financial liabilities	5,264	3	-
Derivative financial instruments - fair value hedge	90	-	-
Derivative financial instruments - cash flow hedge	1,067	861	375

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	5,357	-	-
Other financial liabilities	6,873	3	-
Derivative financial instruments - fair value hedge	5	-	-
Derivative financial instruments - cash flow hedge	7	1	-

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

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

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

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

a) an approximately Rs 113 increase and Rs 113 decrease in the Group's net profit in respect of its fair value hedges and Rs 1,519 increase and Rs 1,519 decrease in the Group's effective portion of cash flow hedges as at September 30, 2022;

b) an approximately Rs 96 increase and Rs 96 decrease in the Group's net profit in respect of its fair value hedges and Rs 958 increase and Rs 958 decrease in the Group's effective portion of cash flow hedges as at September 30, 2021

The following table presents foreign currency risk from non-derivative financial instruments as of September 30, 2022 and March 31, 2022.

Particulars	As at September 30, 2022				Rupees in million
	US \$	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	12,864	1,227	1,219	1,293	16,603
Unbilled revenue	3,146	493	498	319	4,456
Cash and cash equivalents	8,062	2,248	960	1,025	12,295
Other assets	97	27	49	31	204
Liabilities					
Lease liabilities	2,163	96	100	17	2,376
Trade payables	3,409	215	298	174	4,096
Other liabilities	2,072	344	191	362	2,969
Net assets/liabilities	16,525	3,340	2,137	2,115	24,117

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

Particulars	As at March 31, 2022				Rupees in million
	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	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.

For the quarter and six months ended September 30, 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)% and 0.3%/(0.3)% respectively. For the quarter and six months ended September 30, 2021, the impact on operating margins would be 0.3%/ (0.3)% and 0.3%/ (0.3)% respectively.

Interest rate risk

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

34 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	As at
	September 30, 2022	March 31, 2022
Total equity attributable to the equity shareholders of the Group	56,685	54,739
As percentage of total capital	90%	91%
Total loans and borrowings	-	-
Total lease liabilities	6,134	5,557
Total loans, borrowings and lease liabilities	6,134	5,557
As a percentage of total capital	10%	9%
Total capital (loans, borrowings, lease liabilities and equity)	62,819	60,296

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

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

35 Related party relationship 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 ¹	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Geostucture Private Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Infrastructure Engineering Limited	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited ²	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
Manipal Health Enterprises Private Limited ³	Entity with common key managerial person
Mindtree Limited Employees Gratuity Fund Trust	Post-employment benefit plan
Mindtree Employee Welfare Trust	Controlled Trust

* Related party under The Companies Act, 2013 till July 17, 2019.

¹ Investment Manager for L&T Mutual Fund.

² Merged with Larsen & Toubro Limited.

³ Ceased to be a related party w.e.f. February 14, 2022.

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended		For the six months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Larsen & Toubro Limited	Dividend paid	2,714	1,759	2,714	1,759
	Software services rendered	151	132	277	142
	Reimbursement income	-	-	-	4
	Management fee expense	52	32	99	61
	Guarantee charges	3	4	7	8
	Lease rental expense	5	7	10	7
	Other services received	0	-	0	2
	Subscription expense towards software licenses	17	-	34	-
	Reimbursement of travel and other expenses	3	0	6	0
	Reimbursement of ESOP cost	1	-	2	-
	Security deposit paid	-	6	-	6
	Sale of SEIS scrip licenses	-	-	126	-
	Purchase consideration towards transfer of business (refer note 42)	-	2,065	-	2,065
Larsen & Toubro Infotech Limited	Software services rendered	18	29	29	61
	Software services received	146	52	229	85
	Lease rental expense	1	0	1	0
	Reimbursement of expenses	2	-	8	-
	Subscription paid towards software licenses	-	-	27	-
L&T Technology Services Limited	Software services rendered	20	14	30	28
	Software services received	18	4	31	6
	Reimbursement of expenses	3	-	5	-
L&T Mutual Fund	Purchase of investments	1,510	440	2,570	1,040
	Proceeds from sale of investments	1,193	623	2,175	965
L&T Thales Technology Services Private Limited	Software services rendered	16	19	31	36
L&T Geostucture Private Limited	Software services rendered	2	1	3	1
L&T Infrastructure Engineering Limited	Software services rendered	1	8	1	8
L&T Realty Developers Limited	Software services rendered	0	-	0	-
L&T-MHI Power Boilers Private Limited	Software services rendered	1	-	2	-
L&T-STEC JV Mumbai	Software services rendered	-	-	(1)	-
Mindtree Foundation	Donation paid* (refer note 39)	50	-	121	37
Bridgeweave Limited	Software services rendered	10	11	26	24
Manipal Health Enterprises Private Limited	Staff welfare expenses	-	5	-	5
Mindtree Limited Employees Gratuity Fund Trust	Contribution for gratuity	108	98	208	143

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

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at	As at
		September 30, 2022	March 31, 2022
Larsen & Toubro Limited	Trade payables	146	133
	Liability towards transfer of business (refer notes 15.2 & 42)	171	990
Larsen & Toubro Infotech Limited	Trade payables	196	89
	Lease liabilities	1	1
L&T Technology Services Limited	Trade payables	25	27
Mindtree Foundation	Provision towards unspent CSR expenses	47	77
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	147	207

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	
		September 30, 2022	March 31, 2022
Larsen & Toubro Limited	Trade receivables	307	395
	Unbilled revenue	150	120
	Security deposit	112	112
Larsen & Toubro Infotech Limited	Trade receivables	8	21
	Unbilled revenue	4	4
	Other receivables	3	-
L&T Technology Services Limited	Trade receivables	5	4
	Unbilled revenue	21	1
L&T Thales Technology Services Private Limited	Trade receivables	29	17
	Unbilled revenue	1	15
L&T Geostucture Private Limited	Trade receivables	2	2
	Unbilled revenue	3	-
L&T Valves Limited	Trade receivables	4	3
	Unbilled revenue	2	2
L&T Infrastructure Engineering Limited	Trade receivables	1	9
	Unbilled revenue	1	-
L&T Hydrocarbon Engineering Limited	Trade receivables	-	14
	Unbilled revenue	-	1
L&T Realty Developers Limited	Trade receivables	0	0
	Unbilled revenue	0	0
L&T-MHI Power Boilers Private Limited	Trade receivables	-	2
	Unbilled revenue	3	1
L&T-STEC JV Mumbai	Trade receivables	1	2
L&T-Powerchina JV	Trade receivables	-	1
Bridgeweave Limited	Trade receivables	0	5
	Unbilled revenue	37	12

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

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

Name of related party	Nature of balance	As at	
		September 30, 2022	March 31, 2022
Larsen & Toubro Limited	Guarantee*	4,792	5,039

*Performance guarantee given on behalf of the Company.

Key Managerial Personnel (KMP):

Anilkumar Manibhai Naik	Non-Executive Chairman
Sekharipuram Narayanan Subrahmanyam	Non-Executive Vice Chairman
Debashis Chatterjee	CEO and Managing Director
Ramamurthi Shankar Raman	Non-Executive Director
Venugopal Lambu	Executive Director and President - Global Markets
Dayapatra Nevatia ¹	Executive Director and Chief Operating Officer
Akshaya Bhargava ²	Independent Director
Apurva Purohit	Independent Director
Bijou Kurien ³	Independent Director
Chandrasekaran Ramakrishnan	Independent Director
Deepa Gopalan Wadhwa	Independent Director
Prasanna Rangacharya Mysore ⁴	Independent Director
Vinit Ajit Teredesai	Chief Financial Officer
Subhodh Shetty	Company Secretary
Paneesh Narayan Rao ⁵	Related party (KMP) of subsidiary
Sonal Basu	Related party (KMP) of subsidiary
Suresh Bethavandu ⁵	Related party (KMP) of subsidiary

¹Mr. Dayapatra Nevatia resigned as Executive Director and Chief Operating Officer with effect from January 3, 2022.

²The 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 at the Annual General Meeting held on July 13, 2021.

³The 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 at the Annual General Meeting held on July 13, 2021.

⁴Mr. Prasanna Rangacharya Mysore, Independent Director ceased as a Director with effect from April 1, 2022 on completion of his tenure.

⁵Mr. Suresh Bethavandu has been appointed as a Director in Mindtree Software (Shanghai) Co. Ltd with effect from June 14, 2022 in the place of Mr. Paneesh Rao.

Transactions with key managerial personnel

Dividends paid to key managerial personnel during the quarter and six months ended September 30, 2022 amounts to Rs 2 (For the quarter and six months ended September 30, 2021 Rs 0). Further, during the six months ended September 30, 2022, 20,700 (September 30, 2021: 45,100) shares were allotted to the key managerial personnel.

Compensation of key managerial personnel

Particulars	For the quarter ended**		For the six months ended**	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Short-term employee benefits*	72	88	147	154
Share-based payment transactions*	4	8	9	21
Others	8	8	17	17
Total compensation paid to key managerial personnel	84	104	173	192

*Includes compensation to KMPs of subsidiaries w.e.f. April 1, 2022 pursuant to amendment to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021.

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

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and six months ended September 30, 2022
(Rupees in millions, except share and per share data, unless otherwise stated)

36 Contingent liabilities

Particulars	As at	As at
	September 30, 2022	March 31, 2022
Claims against the Group not acknowledged as debts	802	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 granted substantial relief. The order giving effect to CIT(A)'s order has determined a demand of Rs 10. However, the same has mistakes apparent from records and the Group has filed a rectification application against the same. Post rectification, the Group would be eligible for a refund.

b) The Group has received income tax assessment order under Section 143(3) of the Income Tax Act 1961 pertaining to erstwhile subsidiary Aztecoft 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).

During the period, the Group received a favourable order from the Commissioner of Income Tax (Appeals) for the financial year 2008-09 where in the Commissioner of Income Tax (Appeals) accepted the Groups's contentions and quashed the demand raised. The order giving effect to the Commissioner of Income Tax (Appeals) order is awaited.

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 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

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 financial 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 rectification request against the order giving effect. Appeal against order giving effect to section 263 order is pending for disposal with CIT(A).

e) 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 733 (March 31, 2022: Rs 709), including estimated interest, as on the date of the balance sheet.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

37 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at September 30, 2022 is Rs 703 (As at March 31, 2022: Rs 753).

38 Segment information

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

The Group is structured into five reportable business segments – RCM, BFSI, CMT, TTH and HCARE. 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.

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	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Segment revenue from external customers				
RCM	6,341	6,566	12,536	11,625
BFSI	6,590	4,536	12,394	8,698
CMT	14,790	10,995	28,549	21,415
TTH	5,399	3,489	10,214	6,542
HCARE	884	276	1,522	499
Total	34,004	25,862	65,215	48,779
Segment operating income				
RCM	740	1,140	1,568	1,690
BFSI	1,213	921	2,258	1,823
CMT	3,900	2,454	7,580	5,004
TTH	1,226	766	2,208	1,348
HCARE	78	26	124	87
Total	7,157	5,307	13,738	9,952
Depreciation and amortization expense	(651)	(610)	(1,250)	(1,192)
Profit for the period before finance expenses, other income and tax	6,506	4,697	12,488	8,760
Finance costs	(135)	(125)	(257)	(254)
Other income	332	361	531	623
Interest income	154	101	300	191
Foreign exchange gain/ (loss)	(190)	286	(140)	652
Net profit before taxes	6,667	5,320	12,922	9,972
Income taxes	(1,580)	(1,331)	(3,119)	(2,549)
Net profit after taxes	5,087	3,989	9,803	7,423

Other information

Other significant non-cash expense (Allocable)	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
RCM	7	7	30	24
BFSI	14	2	23	13
CMT	42	15	17	28
TTH	10	(47)	32	(53)
HCARE	7	-	7	-

Geographical information

Revenue from operations	For the quarter ended		For the six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
North America	26,545	18,818	50,507	36,376
Continental Europe	2,302	2,255	4,753	4,220
UK and Ireland	2,244	2,805	4,352	4,552
Asia Pacific	2,913	1,984	5,603	3,631
Total	34,004	25,862	65,215	48,779

Note:

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

Refer note 33 on Financial risk management for information on revenue from major customers.

39 Total expenditure incurred on Corporate Social Responsibility (CSR) activities during the quarter and six months ended September 30, 2022 is Rs 44 and Rs 100 respectively (during the quarter and six months ended September 30, 2021 is Rs 1 and Rs 39 respectively). The Company's CSR activities primarily focuses on programs that benefit the differently abled, promote education and create sustainable livelihood opportunities. Refer Note 35 for details of related party transactions. The Company believes that the other disclosures pertaining to CSR, as prescribed by amended Schedule III of the Companies Act, 2013 are relevant for annual financial statements. Accordingly, the Company will consider these disclosures in its consolidated annual financial statements.

40 The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020. 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.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

41 Dues to micro, small and medium enterprises

Particulars	As at	
	September 30, 2022	March 31, 2022
a) The principal amount remaining unpaid to any supplier at the end of each accounting period;	87	95
b) The interest due thereon remaining unpaid to any supplier at the end of each accounting period;	-	-
c) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting period;	-	-
d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

- 42 During the previous year, 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 consummated the above transfer of business on July 1, 2021.

The transaction between the Parent (L&T) and Subsidiary (the Company) was recorded in the books of the Company in accordance with Appendix C – 'Business combinations of entities under common control' of Ind AS 103 – 'Business Combinations' using the pooling of interests method. Accordingly, the assets and liabilities transferred were accounted at the carrying amounts as reflected in the books of L&T as at June 30, 2021 and no adjustments were 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 was not material and accordingly, financial statements of the Company in respect of the prior periods was not 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:	
a) Capital reserve	87
b) Retained earnings	1,769

- 43 The Board of Directors of the Company at its meeting held on May 6, 2022, approved the Scheme of Amalgamation and Arrangement ('Scheme') under the Companies Act, 2013, for merger of the Company (Amalgamating Company) with Larsen & Toubro Infotech Limited ('Amalgamated Company' / 'LTI') with appointed date of April 1, 2022. The proposed merger, inter-alia, aims to create an efficient and scaled-up IT services provider. Upon the Scheme becoming effective, the shareholders of the Company will be issued shares of LTI in the ratio of 73 equity shares of LTI for every 100 equity shares of the Company. The name of the combined entity is proposed to be 'LTI Mindtree Limited', leveraging the advantages of both the brands and creating value for all the stakeholders. A steering committee has been set up to oversee the merger and integration related activities.

As on the date of adoption of these consolidated interim financial statements by the Board, the Company has received approval from the Stock Exchanges, shareholders & unsecured creditors. Hearing before NCLT Bengaluru bench was held on October 12, 2022 and Order has been reserved. Amalgamated Company has received approval from NCLT Mumbai bench vide its Order dated September 19, 2022. The proposed Scheme does not have any impact on the consolidated interim financial statements of the Company for the quarter and six months ended September 30, 2022.

- 44 During the quarter ended June 30, 2022, the Company has acquired a 6.64% stake in COPE Healthcare Consulting Inc., USA ('COPE') for a consideration of Rs 343 pursuant to a Stock Purchase Agreement entered on April 4, 2022 to expand its healthcare business. COPE is a healthcare consulting, implementation and co-management leader in population health management, value-based care and payment, workforce development and data analytics. The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of this investment as this is strategic investment and is not held for trading.

45 Financial ratios

Ratio / Measure*	Methodology	For the period ended		
		September 30, 2022	September 30, 2021	March 31, 2022
a) Current ratio	Current assets over current liabilities	2.96	2.77	2.76
b) Debt equity ratio	Debt over total shareholders' equity	0.11	0.12	0.10
c) Debt service coverage ratio ¹	EBIT over current debt	25.91	20.68	21.80
d) Return on equity %	PAT over total average equity	35.2%	33.1%	33.8%
e) Trade receivables turnover ratio	Revenue from operations over average trade receivables	7.37	6.67	7.00
f) Trade payables turnover ratio	Adjusted expenses over average trade payables	4.47	5.60	4.92
g) Net capital turnover ratio	Revenue from operations over average working capital	3.22	3.15	3.07
h) Net profit %	Net profit over revenue	15.0%	15.2%	15.7%
i) EBITDA %	EBITDA over revenue	21.1%	20.4%	20.9%
j) EBIT %	EBIT over revenue	19.1%	18.0%	18.6%
k) Return on capital employed %	PBIT over average capital employed	42.8%	40.6%	41.5%
l) Return on investment % ²	Interest income, net gain on sale of investments and net fair value gain over weighted average investments	3.9%	5.2%	4.7%

*Annualised where applicable.

Notes:

EBIT - Earnings before interest and taxes.

PBIT - Profit before interest and taxes including other income.

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses refers to sub-contractor charges and other expenses net of non-cash expenses and donations.

Capital employed refers to total shareholders' equity and debt.

Investments includes non-current investment, current investment and margin-money deposit.

Explanation for variances exceeding 25%:

¹Debt service coverage ratio improved on account of increase in EBIT during the six months ended September 30, 2022.

²Return on investment reduced due to external market conditions and interest rate movement during the six months ended September 30, 2022.

Mindtree Limited

Significant accounting policies and notes to the consolidated interim financial statements

For the quarter and six months ended September 30, 2022

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

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

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share in profit or loss for the six months ended September 30, 2022		Share in other comprehensive income for the six months ended September 30, 2022		Share in total comprehensive income for the six months ended September 30, 2022	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Mindtree Limited*	99.97%	56,667	100.01%	9,804	100.00%	(3,610)	100.02%	6,194
Foreign subsidiary								
Mindtree Software (Shanghai) Co. Ltd	0.03%	18	-0.01%	(1)	0.00%	-	-0.02%	(1)

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

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's Registration No.: 008072S

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

Monisha Parikh

Partner

Membership No.: 47840

Ramamurthi Shankar Raman

Non-Executive Director

DIN: 00019798

Place: Mumbai

Debashis Chatterjee

CEO & Managing Director

DIN: 00823966

Place: Mumbai

Place: Bengaluru

Date : October 13, 2022

Vinit Ajit Teredesai

Chief Financial Officer

Place: Mumbai

Date : October 13, 2022

Subhodh Shetty

Company Secretary

M No.: A13722

Place: Mumbai