Mindtree Limited
Consolidated balance sheet as at December 31, 2019

	Note	As at December 31, 2019	As at March 31, 2019
			Rs in million
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,582	3,757
Capital work in progress		95	297
Right-of-use assets	4	5,521	-
Goodwill	5	4,732	4,732
Other intangible assets	5	857	1,180
Financial assets	6		
Investments	6.1	789	1,200
Loans	6.2	410	675
Deferred tax assets (Net)	17	547	388
Other non-current assets	7	1,800	1,889
		18,333	**14,118**
Current assets			
Right-of-use assets	4 & 40	188	-
Financial assets	8		
Investments	8.1	8,057	6,836
Trade receivables	8.2	13,592	13,356
Cash and cash equivalents	8.3	2,560	2,562
Loans	8.4	97	123
Other financial assets	8.5	2,872	2,528
Other current assets	9	1,559	2,267
Non-current assets held for sale	40	312	-
		29,237	**27,672**
TOTAL ASSETS		**47,570**	**41,790**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	1,646	1,642
Other equity	11	29,933	31,419
		31,579	**33,061**
Liabilities			
Non-current liabilities			
Financial liabilities	12 & 29		
Borrowings	12.1	-	5
Lease liabilities	29	5,100	-
Other financial liabilities	12.2	1	1
Other non-current liabilities	13	-	173
		5,101	**179**
Current liabilities			
Financial liabilities	14 & 29		
Lease liabilities	29	660	-
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		14	3
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,394	2,128
Other financial liabilities	14.1	3,277	2,434
Other current liabilities	15	1,804	1,837
Provisions	16	1,687	1,399
Current tax liabilities (Net)		1,054	749
		10,890	**8,550**
		15,991	**8,729**
TOTAL EQUITY AND LIABILITIES		**47,570**	**41,790**

See accompanying notes to the consolidated interim financial statements

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

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

V. Balaji
Partner

Ramamurthi Shankar Raman
Non-Executive Director

Debashis Chatterjee
CEO & Managing Director

Vedavalli Sridharan
Company Secretary

Place: Mumbai
Date : January 14, 2020

Place: Mumbai
Date : January 14, 2020

Mindtree Limited
Consolidated statement of profit and loss for the quarter and nine months ended December 31, 2019

Rs in million, except per share data

	Note	For the quarter ended		For the nine months ended	
		December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Revenue from operations	18	19,653	17,872	57,138	51,821
Other income	19	348	(200)	765	603
Total income		**20,001**	**17,672**	**57,903**	**52,424**
Expenses					
Employee benefits expense	20	12,535	11,142	37,714	32,708
Finance costs	22	133	-	401	29
Depreciation and amortization expense	23	699	410	2,075	1,213
Other expenses	24	4,055	3,897	12,038	11,271
Total expenses		**17,422**	**15,449**	**52,228**	**45,221**
Profit before tax		**2,579**	**2,223**	**5,675**	**7,203**
Tax expense:					
Current tax	17	662	263	1,608	1,744
Deferred tax	17	(53)	48	(180)	(98)
Profit for the period		**1,970**	**1,912**	**4,247**	**5,557**
Other comprehensive income	28				
A (i) Items that will not be reclassified to profit or loss		7	(31)	(72)	(79)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2)	8	17	19
B (i) Items that will be reclassified to profit or loss		110	2	61	262
(ii) Income tax relating to items that will be reclassified to profit or loss		(38)	-	(21)	-
Total other comprehensive income		**77**	**(21)**	**(15)**	**202**
Total comprehensive income for the period		**2,047**	**1,891**	**4,232**	**5,759**
Earnings per share:	26				
Equity shares of par value Rs 10 each					
(1) Basic (Rs)		11.97	11.64	25.82	33.87
(2) Diluted (Rs)		11.96	11.62	25.82	33.80

See accompanying notes to the consolidated interim financial statements

As per our report of even date attached
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Chartered Accountants

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Ramamurthi Shankar Raman
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CEO & Managing Director

Vedavalli Sridharan
Company Secretary

Place: Mumbai
Date : January 14, 2020

Place: Mumbai
Date : January 14, 2020

Mindtree Limited
Consolidated statement of cash flows for the nine months ended December 31, 2019

		Rs in million
	For the nine months ended	
	December 31, 2019	**December 31, 2018**
Cash flow from operating activities		
Profit for the period	4,247	5,557
Adjustments for :		
Income tax expense	1,428	1,646
Depreciation and amortization expense	2,075	1,213
Share based payments to employees	72	63
Allowance for expected credit losses	146	122
Finance costs	401	29
Interest income on financial assets at amortised cost	(146)	(102)
Net gain on disposal of property, plant and equipment	(13)	(12)
Net gain on financial assets designated at fair value through profit or loss	(390)	(255)
Unrealised exchange difference on lease liabilities	106	-
Unrealised exchange difference on derivatives	68	(76)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(63)	(80)
Changes in operating assets and liabilities		
Trade receivables	(382)	(3,331)
Other assets	331	496
Trade payables	355	442
Other liabilities	648	492
Provisions	288	262
Net cash provided by operating activities before taxes	**9,171**	**6,466**
Income taxes paid, net of refunds	(1,288)	(1,731)
Net cash provided by operating activities	**7,883**	**4,735**
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,020)	(1,056)
Proceeds from sale of property, plant and equipment	13	28
Interest income on financial assets at amortised cost	89	46
Purchase of investments	(20,394)	(13,128)
Proceeds from sale of investments	20,042	12,256
Net cash (used in) investing activities	**(1,270)**	**(1,854)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	4	3
Payment of lease liabilities	(344)	-
Finance costs (including interest towards lease liabilities - refer note 22)	(401)	(40)
Repayment of long-term borrowings	(5)	(4)
Repayment of short-term borrowings	-	(3,000)
Dividends paid (including distribution tax)	(5,940)	(1,587)
Net cash (used in) financing activities	**(6,686)**	**(4,628)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	63	80
Net (decrease) in cash and cash equivalents	**(10)**	**(1,667)**
Cash and cash equivalents at the beginning of the period	2,559	3,275
Cash and cash equivalents at the end of the period (refer note 8.3)	**2,549**	**1,608**

Mindtree Limited
Consolidated statement of cash flows for the nine months ended December 31, 2019

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2019 — **Rs in million**

Particulars	As at March 31, 2019	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at December 31, 2019
Long-term borrowings (including current portion)	10	-	(5)	-	**5**
Lease liabilities	-	5,998	(344)	106	**5,760**
Total liabilities from financing activities	**10**	**5,998**	**(349)**	**106**	**5,765**

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2018

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

See accompanying notes to the consolidated interim financial statements

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

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Partner

Ramamurthi Shankar Raman
Non-Executive Director

Debashis Chatterjee
CEO & Managing Director

Vedavalli Sridharan
Company Secretary

Place: Mumbai
Date : January 14, 2020

Place: Mumbai
Date : January 14, 2020

Mindtree Limited
Consolidated statement of changes in equity for the nine months ended December 31, 2019

(a) Equity share capital	Rs in million
Balance as at April 1, 2018	**1,639**
Add: Shares issued on exercise of stock options and restricted shares	3
Balance as at March 31, 2019	**1,642**
Balance as at April 1, 2019	**1,642**
Add: Shares issued on exercise of stock options and restricted shares	4
Balance as at December 31, 2019	**1,646**

(b) Other equity — Rs in million

Particulars	Reserves and surplus (refer note 11)							Items of Other Comprehensive Income (refer note 11)			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, 2018	**87**	**226**	**764**	**42**	**8**	**201**	**25,179**	**(678)**	**-**	**(54)**	**25,775**
Profit for the period	-	-	-	-	-	-	**5,557**	-	-	-	**5,557**
Other comprehensive income (net of taxes) (refer note 28)	-	-	-	-	-	-	-	**262**	-	**(60)**	**202**
Created during the period	-	-	**933**	-	-	-	**(933)**	-	-	-	-
Utilised during the period	-	-	**(728)**	-	-	-	**728**	-	-	-	-
Transferred to securities premium reserve	-	-	-	-	**125**	**(125)**	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	**63**	-	-	-	-	**63**
Cash dividends	-	-	-	-	-	-	**(1,312)**	-	-	-	**(1,312)**
Dividend distribution tax	-	-	-	-	-	-	**(277)**	-	-	-	**(277)**
Balance as at December 31, 2018	**87**	**226**	**969**	**42**	**133**	**139**	**28,942**	**(416)**	**-**	**(114)**	**30,008**
Balance as at April 1, 2018	**87**	**226**	**764**	**42**	**8**	**201**	**25,179**	**(678)**	**-**	**(54)**	**25,775**
Profit for the year	-	-	-	-	-	-	7,541	-	-	-	7,541
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	262	-	(65)	197
Created/ (utilised) during the year	-	-	1,348	-	-	-	(1,348)	-	-	-	-
Utilised during the year	-	-	(1,076)	-	-	-	1,076	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	125	(125)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	89	-	-	-	-	89
Cash dividends (refer note 11.1)	-	-	-	-	-	-	(1,805)	-	-	-	(1,805)
Dividend distribution tax (refer note 11.1)	-	-	-	-	-	-	(378)	-	-	-	(378)
Balance as at March 31, 2019	**87**	**226**	**1,036**	**42**	**133**	**165**	**30,265**	**(416)**	**-**	**(119)**	**31,419**
Balance as at April 1, 2019	**87**	**226**	**1,036**	**42**	**133**	**165**	**30,265**	**(416)**	**-**	**(119)**	**31,419**
Impact of adoption of Ind AS 116 (refer note 29)	-	-	-	-	-	-	157	-	-	-	157
Profit for the period	-	-	-	-	-	-	4,247	-	-	-	4,247
Other comprehensive income (net of taxes) (refer note 28)	-	-	-	-	-	-	-	-	40	(55)	(15)
Created during the period	-	-	666	-	-	-	(666)	-	-		-
Utilised during the period	-	-	(693)	-	-	-	693	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	164	(164)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 20)	-	-	-	-	-	72	-	-	-	-	72
Cash dividends (refer note 11.1)	-	-	-	-	-	-	(4,933)	-	-	-	(4,933)
Dividend distribution tax (refer note 11.1)	-	-	-	-	-	-	(1,014)	-	-	-	(1,014)
Balance as at December 31, 2019	**87**	**226**	**1,009**	**42**	**297**	**73**	**28,749**	**(416)**	**40**	**(174)**	**29,933**

See accompanying notes to the consolidated interim financial statements
As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

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Partner

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CEO & Managing Director

Vedavalli Sridharan
Company Secretary

Place: Mumbai
Date : January 14, 2020

Place: Mumbai
Date : January 14, 2020

1. Company overview

Mindtree Limited (‘Mindtree’ or ‘the Company’) together with its subsidiaries, Mindtree Software (Shanghai) Co. Ltd, Bluefin Solutions Limited*, Bluefin Solutions Inc., Bluefin Solutions Pte Ltd and Bluefin Solutions Sdn Bhd. collectively referred to as ‘the Group’ is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), High Technology and Media (Hi-tech) (erstwhile Technology, Media and Services - TMS) and Travel and Hospitality (TH). The Group offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in India, United States of America (USA), United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium, France, Ireland, Poland, Mexico and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The Company became a subsidiary of Larsen & Toubro Limited (L&T) with effect from July 2, 2019 (Refer note 34). The consolidated interim financial statements were authorized for issuance by the Company’s Board of Directors on January 14, 2020.
*Dissolved with effect April 2, 2019.

2. Significant accounting policies
2.1 Basis of preparation and presentation

(a) Statement of compliance

These consolidated interim financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Except for the changes below, the Group has consistently applied accounting policies to all periods.
i) The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer note 29 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that this amendment is not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Group has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

(b) Basis of measurement

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

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

(c) Use of estimates and judgment

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

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

i) *Revenue recognition:*

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

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

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

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

iv) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

2.2 Basis of consolidation

Subsidiaries

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

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

2.3 Summary of significant accounting policies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and balances

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

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

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

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

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

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

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

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

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

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

a) *Non-derivative financial assets*
(i) Financial assets at amortised cost
A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Property, plant and equipment
a) Recognition and measurement*:* Property, plant and equipment are measured at cost 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 to 30 years
Leasehold improvements	5 years
Computers	2 to 3 years
Plant and machinery	3 to 4 years
Furniture and fixtures	3 to 7 years
Electrical installations	3 years
Office equipment	3 to 5 years
Vehicles	4 years

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

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

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

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

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

Category	**Useful life**
Intellectual property	5 years
Computer software	2 to 3 years
Business alliance relationships	4 years
Customer relationships	3 to 5 years
Vendor relationships	5 to 10 years
Trade name	10 years
Technology	10 years
Non-compete agreement	5 years

(vi) Business combination, Goodwill and Intangible assets
Business combinations other than through common control transactions are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.
Business combinations through common control transactions are accounted on a pooling of interests method.
Transaction costs incurred in connection with a business combination are expensed as incurred.

a) Goodwill
The excess of the cost of acquisition over the Group’s share in the fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain.

b) Intangible assets

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

(vii) Leases

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

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

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

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

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

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(viii) Impairment

a) Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ix) Employee Benefits

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

The Group has the following employee benefit plans:

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

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

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

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

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

(x) Share based payments

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

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

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

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

(xi) Provisions

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

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

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

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

(xii) Revenue

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

a) Time and materials contracts

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

b) Fixed-price contracts

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

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

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

c) Maintenance contracts

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

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

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

(xiii) Warranty provisions

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

(xiv) Finance income and expense

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

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

(xv) Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

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

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

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

(xvi) Earnings per share (EPS)

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

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

(xvii) Research and development costs

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

(xviii) Government grants

Grants from the Government are recognised when there is reasonable assurance that:
(i) the Group will comply with the conditions attached to them; and
(ii) the grant will be received.
Government grants related to revenue are recognised on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.
Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. A repayment of government grant is accounted for as a change in accounting estimate. Repayment of a grant is recognised by reducing the deferred income balance, if any and the rest of the amount is charged to statement of profit and loss.

(xix) Dividend and dividend distribution tax

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

(xx) Non-current assets held for sale

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

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

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and nine months ended December 31, 2019
(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, 2018	**84**	**3,568**	**1,427**	**219**	**957**	**3,194**	**739**	**433**	**27**	**10,648**
Additions	-	114	90	-	67	565	51	35	-	922
Translation adjustment	-	-	(1)	-	-	(1)	-	-	-	(2)
Disposals / adjustments	-	-	(19)	-	(1)	(140)	-	(10)	-	(170)
At December 31, 2018	**84**	**3,682**	**1,497**	**219**	**1,023**	**3,618**	**790**	**458**	**27**	**11,398**
At April 1, 2018	**84**	**3,568**	**1,427**	**219**	**957**	**3,194**	**739**	**433**	**27**	**10,648**
Additions	-	158	165	-	180	779	61	101	-	1,444
Translation adjustment	-	-	(1)	-	-	(1)	-	-	-	(2)
Disposals / adjustments	-	-	(28)	-	(6)	(258)	(13)	(12)	-	(317)
At March 31, 2019	**84**	**3,726**	**1,563**	**219**	**1,131**	**3,714**	**787**	**522**	**27**	**11,773**
At April 1, 2019	**84**	**3,726**	**1,563**	**219**	**1,131**	**3,714**	**787**	**522**	**27**	**11,773**
Additions	-	58	387	-	94	530	51	63	6	1,189
Impact of adoption of Ind AS 116	(51)	-	-	-	-	-	-	-	-	(51)
Transfer to non-current assets held for sale (refer note 40)	-	(543)	-	-	-	-	-	-	-	(543)
Disposals / adjustments	-	(2)	-	-	-	(177)	(5)	-	(24)	(208)
At December 31, 2019	**33**	**3,239**	**1,950**	**219**	**1,225**	**4,067**	**833**	**585**	**9**	**12,160**
Accumulated depreciation										
At April 1, 2018	**10**	**1,373**	**1,099**	**217**	**787**	**2,736**	**612**	**280**	**25**	**7,139**
Depreciation expense	-	192	109	1	84	360	68	48	2	864
Translation adjustment	-	-	-	-	-	(1)	-	-	-	(1)
Disposals / adjustments	-	-	(4)	-	(1)	(140)	-	(9)	-	(154)
At December 31, 2018	**10**	**1,565**	**1,204**	**218**	**870**	**2,955**	**680**	**319**	**27**	**7,848**
At April 1, 2018	**10**	**1,373**	**1,099**	**217**	**787**	**2,736**	**612**	**280**	**25**	**7,139**
Depreciation expense	1	258	144	-	114	500	91	65	2	1,175
Translation adjustment	-	-	-	-	-	(1)	-	-	-	(1)
Disposals / adjustments	-	-	(8)	-	(6)	(258)	(13)	(12)	-	(297)
At March 31, 2019	**11**	**1,631**	**1,235**	**217**	**895**	**2,977**	**690**	**333**	**27**	**8,016**
At April 1, 2019	**11**	**1,631**	**1,235**	**217**	**895**	**2,977**	**690**	**333**	**27**	**8,016**
Impact of adoption of Ind AS 116	(11)	-	4	-	-	-	-	-	-	(7)
Depreciation expense	-	201	126	1	84	479	58	58	1	1,008
Transfer to non-current assets held for sale (refer note 40)	-	(231)	-	-	-	-	-	-	-	(231)
Disposals / adjustments	-	(2)	-	-	-	(177)	(5)	-	(24)	(208)
At December 31, 2019	**-**	**1,599**	**1,365**	**218**	**979**	**3,279**	**743**	**391**	**4**	**8,578**
Net carrying value as at December 31, 2019	**33**	**1,640**	**585**	**1**	**246**	**788**	**90**	**194**	**5**	**3,582**
Net carrying value as at March 31, 2019	**73**	**2,095**	**328**	**2**	**236**	**737**	**97**	**189**	**-**	**3,757**
Net carrying value as at December 31, 2018	**74**	**2,117**	**293**	**1**	**153**	**663**	**110**	**139**	**-**	**3,550**

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

4 Right-of-use assets

Particulars	Non-current			Current		
	Land	Buildings	Total	Land	Buildings	Total
Gross carrying value						
At April 1, 2018	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-
At December 31, 2018	-	-	-	-	-	-
At April 1, 2018	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-
At March 31, 2019	-	-	-	-	-	-
At April 1, 2019	-			-		-
Impact of adoption of Ind AS 116 (refer note 29)	380	5,989	6,369	-	-	-
Additions	-	219	219	-	-	-
Reclassification (refer note 40)	(327)	-	(327)	327	-	327
Disposals / adjustments	-	(27)	(27)	-	-	-
At December 31, 2019	**53**	**6,181**	**6,234**	**327**	**-**	**327**
Accumulated depreciation						
At April 1, 2018	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-
At December 31, 2018	-	-	-	-	-	-
At April 1, 2018	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-
At March 31, 2019	-	-	-	-	-	-
At April 1, 2019	-			-		-
Impact of adoption of Ind AS 116 (refer note 29)	138	-	138	-	-	-
Depreciation expense	9	717	726	-	-	-
Reclassification (refer note 40)	(139)	-	(139)	139	-	139
Disposals / adjustments	-	(12)	(12)	-	-	-
At December 31, 2019	**8**	**705**	**713**	**139**	**-**	**139**
Net carrying value as at December 31, 2019	**45**	**5,476**	**5,521**	**188**	**-**	**188**
Net carrying value as at March 31, 2019	-	-		-	-	-
Net carrying value as at December 31, 2018	-	-		-	-	-

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

Non-current assets

5 Goodwill and other intangible assets

a) Goodwill and other intangible assets	Goodwill	Other intangible assets								Total other intangible assets
Particulars		**Intellectual property**	**Business alliance relationships**	**Customer relationships**	**Non compete agreement**	**Vendor relationships**	**Tradename**	**Technology**	**Computer software**	
Gross carrying value										
At April 1, 2018	**4,539**	**67**	**72**	**1,292**	**53**	**690**	**292**	**262**	**1,105**	**3,833**
Additions	-	-	-	-	-	-	-	-	54	54
Translation adjustment	193	-	-	37	3	56	14	-	-	110
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2018	**4,732**	**67**	**72**	**1,329**	**56**	**746**	**306**	**262**	**1,159**	**3,997**
At April 1, 2018	**4,539**	**67**	**72**	**1,292**	**53**	**690**	**292**	**262**	**1,105**	**3,833**
Additions	-	-	-	-	-	-	-	-	58	58
Translation adjustment	193	-	-	37	3	55	14	-	-	109
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2019	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,163**	**4,000**
At April 1, 2019	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,163**	**4,000**
Additions	-	-	-	-	-	-	-	-	18	18
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2019	**4,732**	**67**	**72**	**1,329**	**56**	**745**	**306**	**262**	**1,181**	**4,018**
Accumulated amortisation										
At April 1, 2018	-	**67**	**57**	**726**	**29**	**224**	**75**	**72**	**1,063**	**2,313**
Amortisation expense	-	-	13	180	8	69	22	20	37	349
Translation adjustment	-	-	-	20	2	15	4	-	-	41
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2018	-	**67**	**70**	**926**	**39**	**308**	**101**	**92**	**1,100**	**2,703**
At April 1, 2018	-	**67**	**57**	**726**	**29**	**224**	**75**	**72**	**1,063**	**2,313**
Amortisation expense	-	-	15	241	11	93	30	26	50	466
Translation adjustment	-	-	-	20	2	15	4	-	-	41
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2019	-	**67**	**72**	**987**	**42**	**332**	**109**	**98**	**1,113**	**2,820**
At April 1, 2019	-	**67**	**72**	**987**	**42**	**332**	**109**	**98**	**1,113**	**2,820**
Amortisation expense	-	-	-	183	8	72	23	20	35	341
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At December 31, 2019	-	**67**	**72**	**1,170**	**50**	**404**	**132**	**118**	**1,148**	**3,161**
Net carrying value as at December 31, 2019	**4,732**	-	-	**159**	**6**	**341**	**174**	**144**	**33**	**857**
Net carrying value as at March 31, 2019	**4,732**	-	-	**342**	**14**	**413**	**197**	**164**	**50**	**1,180**
Net carrying value as at December 31, 2018	**4,732**	-	**2**	**403**	**17**	**438**	**205**	**170**	**59**	**1,294**
Estimated useful life (in years)	NA	5	4	3 - 5	5	5 - 10	10	10	2 - 3	
Estimated remaining useful life (in years)	NA	-	-	0.50	0.25 - 0.50	0.50 - 6.00	5.50 - 6.00	5.50	0.05 - 1.96	

The aggregate amount of research and development expense recognized in the consolidated statement of profit and loss for the quarter and nine months ended December 31, 2019 Rs 76 and Rs 293 respectively. (For the quarter and nine months ended December 31, 2018 Rs 133 and Rs 383 respectively).

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

5 Goodwill and other intangible assets

b) Impairment

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

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Carrying value at the beginning of the period	4,732	4,539
Translation differences	-	193
Carrying value at the end of the period	**4,732**	**4,732**

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

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

The Group does its impairment evaluation on an annual basis and as of March 31, 2019, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The key assumptions used for the calculations were as follows:

Particulars	**As at March 31, 2019**
Discount rate	17.4% - 22.3%

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 has been allocated as follows:

Particulars	**December 31, 2019**	**March 31, 2019**
RCM	2,442	2,442
BFSI	1,179	1,179
Hi-tech	1,037	1,037
TH	74	74
Total	**4,732**	**4,732**

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

Non-current assets

6 Financial assets

6.1 Investments

Particulars	As at December 31, 2019		As at March 31, 2019	
	No of units	Amount	No of units	Amount
Investments in equity instruments (unquoted)				
Equity shares in Careercommunity.com Limited	2,400	-	2,400	-
Equity shares of Rs 1 each in NuvePro Technologies Private Limited	950,000	1	950,000	1
Equity shares in Worldcast Technologies Private Limited	12,640	-	12,640	-
		1		1
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
		7		**7**
Investments in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible bonds of Rs 1 million each in the nature of promissory notes in PNB Housing Finance Limited	-	-	50	50
Secured redeemable non-convertible debentures of Rs 1,000 each in Tata Capital Financial Services Limited	50,000	51	50,000	50
Secured redeemable non-convertible debentures of Rs 1,001,019 each in Tata Capital Financial Services Limited	-	-	100	103
Secured redeemable non-convertible debentures of Rs 1,012,705 each in Aditya Birla Finance Limited	-	-	100	104
Secured redeemable non-convertible debentures of Rs 1,025,944 each in Kotak Mahindra Prime Limited	-	-	50	52
Secured redeemable non-convertible debentures of Rs 1,118,769 each in HDB Financial Services Limited	-	-	50	57
Secured redeemable non-convertible debentures of Rs 1,000,236 each in Tata Capital Financial Services Limited	-	-	50	51
Secured redeemable non-convertible debentures of Rs 878,419 each in Kotak Mahindra Investments Limited	-	-	50	45
		51		**512**
Investments in mutual funds (quoted)				
ICICI Prudential Mutual Fund	5,000,000	58	5,000,000	55
IDFC Mutual Fund	10,000,000	113	10,000,000	105
Invesco Mutual Fund	7,063,100	82	7,063,100	76
Kotak Mutual Fund	5,000,000	59	5,000,000	54
Tata Mutual Fund	16,008,535	186	16,008,535	173
Franklin Templeton Mutual Fund	15,000,000	174	15,000,000	163
UTI Mutual Fund	5,000,000	58	5,000,000	54
		730		**680**
Total		**789**		**1,200**
Aggregate amount of quoted investments		**781**		**1,192**
Aggregate market value of quoted investments		**781**		**1,192**
Aggregate amount of unquoted investments		**8**		**8**
Aggregate amount of impairment in value of investments		**1**		**1**

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

6.2 Loans

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
(Unsecured, considered good)		
Security deposits (refer note 40)	410	675
Total	**410**	**675**

7 Other non-current assets

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Capital advances	45	108
Advance income-tax including tax deducted at source (net of provision for taxes)	1,651	1,649
Prepaid expenses	9	116
Service tax receivable	11	11
Others	84	5
Total	**1,800**	**1,889**

Mindtree Limited
Significant accounting policies and notes to the consolidated interim financial statements
For the quarter and nine months ended December 31, 2019
(Rupees in millions, except share and per share data, unless otherwise stated)

Current assets

8 Financial assets

8.1 Investments

Particulars	As at December 31, 2019		As at March 31, 2019	
i) Investments in Mutual Funds (quoted)				
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**
ICICI Prudential Mutual Fund	1,515,816	417	862,088	233
IDFC Mutual Fund	49,822,556	815	61,928,281	974
UTI Mutual Fund	-	-	2,000,000	21
Aditya Birla Sun Life Mutual Fund	11,292,559	895	7,205,908	755
Nippon Indian Mutual Fund**	3,471,872	484	3,386,533	197
Axis Mutual Fund	145,919	334	24,387	51
Tata Mutual Fund	16,240	50	72,948	226
SBI Mutual Fund	7,148,668	655	7,070,752	474
Sundaram Mutual Fund	2,184,160	90	3,323,353	131
HDFC Mutual Fund	30,724,270	783	46,511,219	1,019
Kotak Mutual Fund	11,119,607	806	19,228,287	806
DSP Mutual Fund*	10,436,796	524	4,058,562	197
Invesco Mutual Fund	86,331	218	92,596	210
Franklin Templeton Mutual Fund	7,632,026	423	4,368,836	253
Total		**6,494**		**5,547**
*Formerly known as DSP Blackrock Mutual Fund				
**Formerly known as Reliance Mutual Fund				
ii) Investment in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures in Kotak Mahindra Investments Limited	-	-	50	51
Secured redeemable non-convertible debentures in Bajaj Finance Limited	-	-	50	48
Secured redeemable non-convertible debentures in Housing Development Finance Corporation Limited	50	53	20	210
Secured redeemable non-convertible debentures in Aditya Birla Finance Limited	-	-	50	52
Secured redeemable non-convertible bonds of Rs 1 million each in the nature of promissory notes in PNB Housing Finance Limited	50	51	-	-
Secured redeemable non-convertible debentures of Rs 1,001,019 each in Tata Capital Financial Services Limited	100	110	-	-
Secured redeemable non-convertible debentures of Rs 1,012,705 each in Aditya Birla Finance Limited	100	111	-	-
Secured redeemable non-convertible debentures of Rs 1,025,944 each in Kotak Mahindra Prime Limited	50	52	-	-
Secured redeemable non-convertible debentures of Rs 1,118,769 each in HDB Financial Services Limited	50	61	-	-
Secured redeemable non-convertible debentures of Rs 1,000,236 each in Tata Capital Financial Services Limited	50	54	-	-
Secured redeemable non-convertible debentures of Rs 878,419 each in Kotak Mahindra Investments Limited	50	48	-	-
Total		**540**		**361**
iii) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		626		400
-Kotak Mahindra Investments Limited		-		50
-Housing Development Finance Corporation Limited		298		290
Total		**924**		**740**
iv) Investments in commercial paper (unquoted)				
-Barclays Investments and Loans (India) Private Limited		99		188
		99		**188**
Grand Total		**8,057**		**6,836**
Aggregate carrying amount of quoted investments		**7,034**		**5,908**
Aggregate market value of quoted investments		**7,034**		**5,908**
Aggregate amount of unquoted investments		**1,023**		**928**

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

8.2 Trade receivables

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
(Unsecured)		
Considered good	13,964	13,582
Less: Allowance for expected credit losses	(372)	(226)
Total	**13,592**	**13,356**

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

	Ageing			
	1-90 days	**91-180 days**	**181-360 days**	**More than 360 days***
Default rate	0.3%	3.6%	21.6%	52%

*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 nine months ended**		
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	346	212	226	119	119
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	26	29	146	122	107
Provision at the end of the period	**372**	**241**	**372**	**241**	**226**

8.3 Cash and cash equivalents

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Balances with banks in current accounts and deposit accounts*	2,537	2,546
Other bank balances**	23	16
Cash and cash equivalents as per balance sheet	**2,560**	**2,562**
Book overdrafts used for cash management purposes (refer note 14.1)	(11)	(3)
Cash and cash equivalents as per statement of cash flows	**2,549**	**2,559**

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

**Other bank balances represent earmarked balances in respect of unpaid dividends and dividend payable.

8.4 Loans

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
(Unsecured, considered good)		
Security deposits (refer note 40)	97	123
Total	**97**	**123**

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

8.5 Other financial assets

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Advances to employees	260	279
Less: Provision for doubtful advances to employees	(17)	(12)
	243	267
Unbilled revenue*	2,461	2,143
Derivative financial instruments	166	84
Accrued income	2	34
Total	**2,872**	**2,528**

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

9 Other current assets

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Advance to suppliers	171	33
Prepaid expenses	321	981
Unbilled revenue*	825	848
Others	242	405
Total	**1,559**	**2,267**

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

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

10 Equity share capital

a)

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Authorised		
800,000,000 (March 31, 2019 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,571,566 (March 31, 2019 : 164,214,041) equity shares of Rs 10 each fully paid	1,646	1,642
Total	**1,646**	**1,642**

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 December 31, 2019**		**As at March 31, 2019**	
	Number of shares	**Rs**	**Number of shares**	**Rs**
Number of shares outstanding at the beginning of the period	164,214,041	1,642	163,926,311	1,639
Add: Shares issued on exercise of stock options and restricted shares	357,525	4	287,730	3
Number of shares outstanding at the end of the period	**164,571,566**	**1,646**	**164,214,041**	**1,642**

* Refer note 10(e)

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

Terms/rights attached to equity shares

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

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

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group after distribution of 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 December 31, 2019**		**As at March 31, 2019**	
	Number of shares	**%**	**Number of shares**	**%**
1. Larsen & Toubro Limited*	99,650,179	60.55%	-	-
2. SCB Escrow A/C - Project Carnation, Lotus & Marigold**	-	-	32,760,229	19.95%
3. Nalanda India Fund Limited	-	-	14,568,212	8.87%

*With effect from July 2, 2019, the Company has become a subsidiary of L&T. Accordingly, L&T has become the Promoter / Parent Company of the Company.

**As per the arrangement mentioned in the draft letter of offer of L&T dated April 02, 2019, received by the Company, the shares held by (a) V. G. Siddhartha (b) Coffee Day Trading Limited and (c) Coffee Day Enterprises Limited aggregating to 19.95% of the shares in Mindtree Limited was transferred to SCB Escrow A/C - Project Carnation, Lotus & Marigold. The above shareholding interest was subsequently transferred to L&T during the period.

e) In the period of five years immediately preceding December 31, 2019:

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

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

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

f) **Employee stock based compensation**

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

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

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 December 31,			
	2019		2018	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares, beginning of the quarter	-	-	-	-
Granted during the quarter	2,500	10.00	24,670	10.00
Exercised during the quarter	-	-	24,670	10.00
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding shares, end of the quarter	2,500	10.00	-	-
Shares vested and exercisable, end of the quarter	2,500	10.00	-	-

Particulars	Nine months ended December 31,			
	2019		2018	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares, beginning of the period	-	-	-	-
Granted during the period	360,025	10.00	287,730	10.00
Exercised during the period	357,525	10.00	287,730	10.00
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	2,500	10.00	-	-
Shares vested and exercisable, end of the period	2,500	10.00	-	-

Other Stock based compensation arrangements

The Group has also granted phantom stock options and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at December 31, 2019 are given below:

Particulars	Phantom stock options plan
Total no. of units/ shares	500,000
Vested units/ shares	425,000
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	75,000
Outstanding units/shares as at the end of the period	-
Contractual life	1 year
Date of grant	April 1, 2018, July 24, 2019
Price per share/ unit	Grant price of Rs 772/ Rs 930

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the period	369,650
Number of units/shares granted under letter of intent during the period	310,400
Vested units/ shares	360,025
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	67,025
Outstanding units/shares as at the end of the period	253,000
Contractual life	1-2 years
Date of grant*	July 24, 2019, August 2, 2019, October 24, 2019
Price per share/ unit*	Exercise price of Rs 10

*Based on Letter of Intent
**Does not include direct allotment of shares

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the period ended December 31, 2019 was Rs 694.89 using the Black-Scholes model with the following assumptions:

	As at December 31, 2019
Weighted average grant date share price	694.89
Weighted average exercise price	Rs 10
Dividend yield %	0.45%
Expected life	1 year
Risk free interest rate	5.97%
Volatility	34.79%

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

11	**Other equity**	**As at December 31, 2019**	**As at March 31, 2019**
a)	**Capital reserve** Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.	87	87
b)	**Capital redemption reserve** A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares pursuant to Section 69 of the Companies Act, 2013.	42	42
c)	**Securities premium** Amounts received on issue of shares in excess of the par value has been classified as securities premium, net of utilisation.	297	133
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 Group 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.	1,009	1,036
f)	**Retained earnings** Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.	28,749	30,265
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.	73	165
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.	40	-
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.	(174)	(119)
	Total	**29,933**	**31,419**

11.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the period ended December 31, 2019 and year ended March 31, 2019 was Rs 30 and Rs 11 respectively.

The Board of Directors, at its meeting held on April 17, 2019, had declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The Board of Directors had recommended a final dividend of 40% (Rs 4 per equity share of par value Rs 10 each) for the financial year ended March 31, 2019 which was approved by the shareholders at the Twentieth Annual General Meeting of the Company held on July 16, 2019. Further, the Board of Directors had recommended a special dividend of 200% (Rs 20 per equity share of par value Rs 10 each) to celebrate the twin achievements of exceeding USD 1 billion annual revenue milestone and 20th anniversary of the Company which was also approved by the shareholders at the Twentieth Annual General Meeting of the Company held on July 16, 2019. The aforesaid dividend were paid during the period that resulted in a cash outflow of Rs 5,353 including dividend distribution tax of Rs 913.

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

Non- current liabilities

12 Financial liabilities

12.1 Borrowings

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
(Unsecured)		
Other loan*	-	5
Total	**-**	**5**

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

The loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

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

12.2 Other financial liabilities

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Others (Security deposits for sub-lease)	1	1
Total	**1**	**1**

13 Other non-current liabilities

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Other liabilities (Deferred rent)	-	173
Total	**-**	**173**

Current liabilities

14 Financial liabilities

14.1 Other financial liabilities

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Current maturities of long-term debt*	5	5
Book overdraft	11	3
Unclaimed dividends	23	16
Employee benefits payable	3,147	2,408
Derivative financial instruments	91	2
Total	**3,277**	**2,434**

* The details of interest rates, repayment and other terms are disclosed under note 12.1.

15 Other current liabilities

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Unearned income (refer note 15.1)	736	667
Statutory dues (including provident fund and tax deducted at source)	676	596
Advance from customers	174	330
Gratuity payable (net)*	216	230
Others	2	14
Total	**1,804**	**1,837**

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

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

15.1 Unearned income

Particulars	**For the quarter ended**		**For the nine months ended**		**Year ended**
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	437	492	667	720	720
Invoiced during the period	2,176	4,189	5,476	9,403	11,718
Revenue recognized during the period	(1,877)	(4,027)	(5,407)	(9,469)	(11,771)
Balance at the end of the period	**736**	**654**	**736**	**654**	**667**

16 Provisions

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Provision for post contract support services	10	9
Provision for discount	772	627
Provision for foreseeable losses on contracts	60	18
Provision for compensated absences	752	655
Provision for disputed dues*	93	90
Total	**1,687**	**1,399**

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

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

Provision for post contract support services

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

Particulars	**For the quarter ended**		**For the nine months ended**		**Year ended**
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	11	9	9	10	10
Provisions made during the period	-	-	2	1	1
Released during the period	(1)	-	(1)	(2)	(2)
Provision at the end of the period	**10**	**9**	**10**	**9**	**9**

Provision for discount

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

Particulars	**For the quarter ended**		**For the nine months ended**		**Year ended**
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	674	674	627	534	534
Provisions made during the period	305	134	842	502	689
Utilisations during the period	(165)	(26)	(534)	(218)	(449)
Released during the period	(42)	(51)	(163)	(87)	(147)
Provision at the end of the period	**772**	**731**	**772**	**731**	**627**

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 nine months ended**		**Year ended**
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	32	6	18	6	6
Provisions made during the period	35	12	70	34	45
Released during the period	(7)	(9)	(28)	(31)	(33)
Provision at the end of the period	**60**	**9**	**60**	**9**	**18**

Provision for disputed dues

Particulars	**For the quarter ended**		**For the nine months ended**		**Year ended**
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**March 31, 2019**
Balance at the beginning of the period	92	88	90	86	86
Provisions made during the period	1	1	3	3	4
Provision at the end of the period	**93**	**89**	**93**	**89**	**90**

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

17 Income tax

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

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Current income tax:				
In respect of the current period	662	263	1,608	1,744
Deferred tax				
In respect of the current period	(53)	48	(180)	(98)
Income tax expense reported in the statement of profit and loss	**609**	**311**	**1,428**	**1,646**
Income tax expense recognised in other comprehensive income:				
- Current tax arising on income and expense recognised in other comprehensive income				
Net loss/ (gain) on remeasurement of defined benefit plan	(2)	8	17	19
- Deferred tax arising on income and expense recognised in other comprehensive income				
Effective portion of cash flow hedges	(38)	-	(21)	-
Total	**(40)**	**8**	**(4)**	**19**

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 nine months ended**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Profit before tax	2,579	2,223	5,675	7,203
Enacted income tax rate in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	901	777	1,983	2,517
Effect of:				
Income exempt from tax	(305)	(255)	(671)	(796)
Temporary differences reversing during the tax holiday period	13	(16)	31	22
Expenses (net) that are not deductible in determining taxable profit	18	2	42	40
Different tax rates of branches/subsidiaries operating in other jurisdictions	43	(26)	105	70
Tax effect due to non-taxable income/expense	-	31	-	(5)
True-up of tax provisions related to previous years	(56)	(190)	(56)	(190)
Others	(5)	(12)	(6)	(12)
Income tax expense recognised in the statement of profit and loss	**609**	**311**	**1,428**	**1,646**

The tax rates under Indian Income Tax Act, for the quarter ended December 31, 2019 and December 31, 2018 is 34.94%.

Deferred tax

Deferred tax assets/(liabilities) as at December 31, 2019 in relation to:

Particulars	**As at April 1, 2019**	**Recognised in profit and loss**	**Recognised in Other Comprehensive Income**	**Others**	**As at December 31, 2019**
Property, plant and equipment	463	32	-	-	495
Lease assets net of lease liabilties	-	67	-	-	67
Allowance for expected credit loss	48	27	-	-	75
Provision for compensated absences	287	(3)	-	-	284
Provision for volume discount	(2)	(4)	-	-	(6)
Intangible assets	(398)	34	-	-	(364)
Net gain on fair value of mutual funds	(101)	(17)	-	-	(118)
Effective portion of Cash Flow Hedges	-	-	(21)	-	(21)
Others	91	44	-	-	135
Total	**388**	**180**	**(21)**	**-**	**547**

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

Deferred tax assets/(liabilities) as at March 31, 2019 in relation to:

Particulars	As at April 1, 2018	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2019
Property, plant and equipment	443	20	-	-	463
Allowance for expected credit loss	19	29	-	-	48
Provision for compensated absences	228	59	-	-	287
Provision for volume discount	18	(20)	-	-	(2)
Intangible assets	(432)	34	-	-	(398)
Net gain on fair value of mutual funds	(82)	(19)	-	-	(101)
Others	65	26	-	-	91
MAT Credit entitlement/ (utilisation)	59	-	-	(59)	-
Total	**318**	**129**	**-**	**(59)**	**388**

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

Particulars	As at April 1, 2018	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at December 30, 2018
Property, plant and equipment	443	50	-	-	493
Allowance for expected credit loss	19	31	-	-	50
Provision for compensated absence	228	13	-	-	241
Provision for volume discount	18	(26)	-	-	(8)
Intangible assets	(432)	26	-	-	(406)
Net gain on fair value of mutual funds	(82)	(2)	-	-	(84)
Others	65	6	-	-	71
MAT Credit entitlement/ (utilisation)	59	-	-	(59)	-
Total	**318**	**98**	**-**	**(59)**	**357**

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

Particulars	As at December 31, 2019	As at March 31, 2019
Unused tax losses (long term capital loss) which expire in:		
-FY 2019-20	34	34
-FY 2021-22	48	48
-FY 2022-23	28	28
-FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	300	314

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

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

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

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

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

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

18 Revenue from operations

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

Revenue by contract type

Revenues	For the quarter ended December 31, 2019	For the quarter ended December 31, 2018	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Fixed-price and Maintenance	59%	56%	57%	56%
Time and materials	41%	44%	43%	44%
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 December 30, 2019	As at March 31, 2019
Within 1 year	8,951	4,804
1-3 years	15,773	14,277
More than 3 years	2,513	933

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.

19 Other income

Particulars	For the quarter ended December 31, 2019	For the quarter ended December 31, 2018	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Net gain on financial assets designated at fair value through profit or loss	105	131	390	255
Interest income on financial asset at amortised cost	45	37	146	102
Foreign exchange gain/ (loss), net	187	(374)	192	220
Others*	11	6	37	26
Total	**348**	**(200)**	**765**	**603**

* Includes net gain on disposal of property, plant and equipment for the quarter and nine months ended December 31, 2019 Rs 5 and Rs 13 respectively (For the quarter and nine months ended December 31, 2018 Rs 3 and Rs 12 respectively).

20 Employee benefits expense

Particulars	For the quarter ended December 31, 2019	For the quarter ended December 31, 2018	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Salaries and wages	11,627	10,368	34,988	30,315
Contribution to provident and other funds*	774	696	2,376	2,073
Share based payments to employees (refer note 10)**	25	(4)	72	93
Staff welfare expenses	109	82	278	227
Total	**12,535**	**11,142**	**37,714**	**32,708**

*includes contribution to defined contribution plans for the quarter and nine months ended December 31, 2019 Rs 729 and Rs 2,241 respectively (For the quarter and nine months ended December 31, 2018 Rs 664 and Rs 1,976 respectively).

**includes expense on cash settled employee stock based compensation for the quarter and nine months ended December 31, 2019 Rs Nil . (For the quarter and nine months ended December 31, 2018 Rs (25) and Rs 30 respectively).

21 Gratuity

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

Particulars	For the quarter ended December 31, 2019	For the quarter ended December 31, 2018	For the nine months ended December 31, 2019	For the nine months ended December 31, 2018
Gratuity cost				
Service cost	43	31	129	93
Net interest on net defined liability/(asset)	2	1	6	4
Re-measurement - actuarial (gain)/loss recognised in OCI	(7)	31	72	79
Net gratuity cost	**38**	**63**	**207**	**176**
Assumptions				
Discount rate	6.70%	7.30%	6.70%	7.30%
Salary increase	0-6%	5.00%	0-6%	5.00%
Withdrawal rate	14.54%	12.12%	14.54%	12.12%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Indian Assured Lives Mortality (2006-08) Ult.

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

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

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

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Change in defined benefit obligations		
Obligations at the beginning of the period	874	705
Service cost	129	124
Interest cost	45	49
Benefits settled	(102)	(88)
Actuarial (gain)/loss - experience	34	45
Actuarial (gain)/loss – demographic assumptions	8	(17)
Actuarial (gain)/loss – financial assumptions	34	56
Obligations at the end of the period	**1,022**	**874**
Change in plan assets		
Plan assets at the beginning of the period, at fair value	644	564
Interest income on plan assets	39	43
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	3	(2)
Contributions	218	125
Benefits settled	(98)	(86)
Plan assets at the end of the period, at fair value	**806**	**644**

Historical information:

Particulars	**As at December 31, 2019**	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**
Present value of defined benefit obligation	(1,022)	(874)	(705)	(591)	(513)
Fair value of plan assets	806	644	564	500	375
Asset/ (liability) recognised	**(216)**	**(230)**	**(141)**	**(91)**	**(138)**

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**	
	December 31, 2019	**March 31, 2019**
Experience adjustment on plan liabilities	34	45
Experience adjustment on plan assets	(3)	2

Sensitivity analysis

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

	As at December 31, 2019		**As at March 31, 2019**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(55)	61	(51)	57
Future salary growth (1% movement)	61	(51)	57	(52)

Maturity profile of defined benefit obligation:

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Within 1 year	142	107
1-2 years	158	123
2-3 years	171	143
3-4 years	195	157
4-5 years	232	188
5-10 years	1,246	1,068

The Group expects to contribute Rs 142 to its defined benefit plans during the next fiscal year.

As at December 31, 2019 and March 31, 2019 100% of the plan assets were invested in insurer managed funds.

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

22 Finance costs

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Interest expense on financial instruments designated at amortised cost	-	-	-	29
Interest expense on lease liabilities	133	-	401	-
Total	**133**	**-**	**401**	**29**

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

23 Depreciation and amortization expense

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Depreciation of property, plant and equipment (Refer note 3)	346	290	1,008	864
Depreciation of Right-of-use assets (Refer note 4)	240	-	726	-
Amortization of other intangible assets (Refer note 5)	113	120	341	349
Total	**699**	**410**	**2,075**	**1,213**

24 Other expenses

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Travel expenses	817	813	2,521	2,258
Communication expenses	177	194	514	586
Sub-contractor charges	1,499	1,329	4,589	3,807
Computer consumables	351	224	890	662
Legal and professional charges	189	109	404	326
Power and fuel	74	74	246	233
Lease rentals*	34	289	137	842
Repairs and maintenance				
- Buildings	105	28	284	77
- Machinery	24	17	52	46
Insurance	27	17	67	57
Rates and taxes	80	71	257	186
Other expenses	678	732	2,077	2,191
Total	**4,055**	**3,897**	**12,038**	**11,271**

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

25 Auditor's remuneration

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Payment to Auditor as:				
(a) auditor	5	4	15	14
(b) for taxation matters	-	-	1	1
(c) for other services*	1	5	3	6
(d) for reimbursement of expenses	-	-	1	1
Total	**6**	**9**	**20**	**22**

* 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 nine months ended December 31, 2019 Rs 4 (for the quarter and nine months ended December 31, 2018 Rs Nil and Rs 2 respectively).

26 Earnings per share (EPS)

Particulars	For the quarter ended		For the nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Profit for the period (A)	1,970	1,912	4,247	5,557
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,571,566	164,197,147	164,458,799	164,093,131
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,673,429	164,519,197	164,487,267	164,417,181
Earnings per share:				
Equity shares of par value Rs 10 each				
(1) Basic (Rs) (A/B)	11.97	11.64	25.82	33.87
(2) Diluted (Rs) (A/C)	11.96	11.62	25.82	33.80

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

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**			
	December 31, 2019		**December 31, 2018**	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	164,571,566	164,571,566	164,197,147	164,197,147
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	101,863	-	322,050
Weighted average number of equity shares for calculation of earnings per share	164,571,566	164,673,429	164,197,147	164,519,197

Particulars	**For the nine months ended**			
	December 31, 2019		**December 31, 2018**	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	164,458,799	164,458,799	164,093,131	164,093,131
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	28,468	-	324,050
Weighted average number of equity shares for calculation of earnings per share	164,458,799	164,487,267	164,093,131	164,417,181

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

27 Government grants

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

Nature of expenses	For the quarter ended		For the nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Grant towards R & D credit	5	5	15	14
Total	**5**	**5**	**15**	**14**

The grant recognized in the balance sheet is Rs 43 as at December 31, 2019 (As at March 31, 2019 is Rs 26).

28 Other Comprehensive Income (OCI)

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

During the quarter ended December 31, 2019				
Particulars	**Effective portion of Cash Flow Hedges**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	7	7
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(2)	(2)
	-	**-**	**5**	**5**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	110	-	-	110
Foreign exchange translation differences	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	(38)	-	-	(38)
	72	**-**	**-**	**72**
Total	**72**	**-**	**5**	**77**

During the nine months ended December 31, 2019				
Particulars	**Effective portion of Cash Flow Hedges**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(72)	(72)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	17	17
	-	**-**	**(55)**	**(55)**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	61	-	-	61
(ii) Income tax relating to items that will be reclassified to profit or loss	(21)	-	-	(21)
	40	**-**	**-**	**40**
Total	**40**	**-**	**(55)**	**(15)**

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

During the quarter ended December 31, 2018

Particulars	**Effective portion of Cash Flow Hedges**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(31)	(31)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	8	8
	-	**-**	**(23)**	**(23)**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	-	2	-	2
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	-	**2**	**-**	**2**
Total	**-**	**2**	**(23)**	**(21)**

During the nine months ended December 31, 2018

Particulars	**Effective portion of Cash Flow Hedges**	**FCTR**	**Other items of Comprehensive Income**	**Total**
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(79)	(79)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	19	19
	-	**-**	**(60)**	**(60)**
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	-	-	-	-
Foreign exchange translation differences	-	262	-	262
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	-	**262**	**-**	**262**
Total	**-**	**262**	**(60)**	**202**

29 Leases

The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Group has applied the below practical expedients:

The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"
The Group has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than USD 5,000 in value)
The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition
The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to Rs 6,369, related accumulated depreciation amounting to Rs 138, lease liabilities amounting to Rs 5,800 and Rs 157 (credit) in retained earnings as at April 1, 2019. The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 9.5% for measuring the lease liability. Refer note 32 for contractual maturities of lease liabilities.

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019:

Operating lease commitment at March 31, 2019	5,075
Discounted using the incremental borrowing rate at April 1, 2019	**3,563**
Recognition exemption for:	
Short term leases	(1)
Leases of low value assets	(6)
Extension and termination options reasonably certain to be exercised	2,244
Lease liabilities recognised at April 1, 2019	**5,800**

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

Impact of adoption of Ind AS 116 on retained earnings:

Reversal of deferred rent liability as at March 31, 2019	186
Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	(29)
Impact on retained earnings as at April 1, 2019	**157**

Impact of adoption of Ind AS 116 on the statement of profit and loss:	**For the quarter ended December 31, 2019**	**For the nine month ended December 31, 2019**
Interest on lease liabilities (Refer note 22)	133	401
Depreciation of Right-of-use assets (Refer note 23)	240	726
Deferred tax (credit) (Refer note 17)	(28)	(67)
Impact on the statement of profit and loss for the period	**345**	**1,060**

The Group has sublet one of the leased premises. Lease rental income under such non-cancellable operating lease during the quarter and nine months ended December 31, 2019 amounted to Rs 3 and Rs 9 respectively (For the quarter and nine months ended December 31, 2018 amounted to Rs 2).

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Receivable – Not later than one year	15	13
Receivable – Later than one year and not later than five years	5	16
Receivable – Later than five years	-	-

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

30 Financial instruments

The carrying value and fair value of financial instruments by categories as at December 31, 2019 and March 31, 2019 is as follows:

Particulars	**Carrying value**		**Fair value**	
	December 31, 2019	**March 31, 2019**	**December 31, 2019**	**March 31, 2019**
Financial assets				
Amortised cost				
Loans	507	798	507	798
Trade receivable	13,592	13,356	13,592	13,356
Cash and cash equivalents	2,560	2,562	2,560	2,562
Other financial assets	2,706	2,444	2,706	2,444
Investment in term deposit (unquoted)	924	740	924	740
Investment in debt securities (quoted)	591	873	591	873
Investment in commercial paper (unquoted)	99	188	99	188
FVTOCI				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	7	7	7	7
FVTPL				
Investments in mutual fund (quoted)	7,224	6,227	7,224	6,227
Derivative financial instruments - fair value hedge	20	84	20	84
Derivative financial instruments - cash flow hedge	146	-	146	-
Total assets	**28,377**	**27,280**	**28,377**	**27,280**
Financial liabilities				
Amortised cost				
Borrowings	5	10	5	10
Lease liabilities	5,760	-	5,760	-
Trade payables	2,408	2,131	2,408	2,131
Other financial liabilities	3,182	2,428	3,182	2,428
FVTOCI				
Derivative financial instruments - cash flow hedge	85	-	85	-
FVTPL				
Derivative financial instruments - fair value hedge	6	2	6	2
Total liabilities	**11,446**	**4,571**	**11,446**	**4,571**

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

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

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

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

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

iii) Fair values of the Group’s interest-bearing borrowings and loans are determined by using Discounted Cash Flow (DCF) method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at December 31, 2019 was assessed to be insignificant.

iv) The fair values of the unquoted equity and preference shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility/ the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

v) The Group enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at December 31, 2019 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

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

31 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at December 31, 2019 and March 31,

Quantitative disclosures of fair value measurement hierarchy for financial assets as at December 31, 2019:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 30 & 8.5)	December 31, 2019	166	-	166	-
FVTOCI financial assets designated at fair value (Notes 30 & 6.1):					
Investment in equity instruments (unquoted)	December 31, 2019	1	-	-	1
Investment in preference shares (unquoted)	December 31, 2019	7	-	-	7
FVTPL financial assets designated at fair value (Notes 30, 6.1 & 8.1):					
Investment in mutual funds (quoted)	December 31, 2019	7,224	7,224	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 30 & 14.1):	December 31, 2019	91	-	91	-

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, 2019:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value:					
Derivative financial instruments* (Note 30 & 8.5)	March 31, 2019	84	-	84	-
FVTOCI financial assets designated at fair value (Notes 30 & 6.1):					
Investment in equity instruments (unquoted)	March 31, 2019	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2019	7	-	-	7
FVTPL financial assets designated at fair value (Note 30, 6.1 & 8.1):					
Investment in mutual funds (quoted)	March 31, 2019	6,227	6,227	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 30 & 14.1)	March 31, 2019	2	-	2	-

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

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

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Opening balance	8	8
Remeasurement recognised in OCI	-	-
Purchases	-	-
Sales	-	-
Closing balance	**8**	**8**

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

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 positions both on a standalone basis and in conjunction with its underlying foreign currency related exposures. Hence, the movement in Mark To Market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Group. The Group monitors the potential risk arising out of the market factors like exchange rates on a regular basis. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material. For on balance sheet exposures, the Group monitors the risks on net unhedged exposures.

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

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

Particulars	**As at**	
	December 31, 2019	**March 31, 2019**
Non-designated derivative instruments (Sell):		
in USD millions	963	50
in EUR millions	-	1
in GBP millions	-	1

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

Particulars	**December 31, 2019**		**March 31, 2019**	
	Not later than 12 months	**Later than 12 months**	**Not later than 12 months**	**Later than 12 months**
Non-designated derivative instruments (Sell)				
Cash Flow Hedge				
in USD millions	391.00	496.00	-	-
Average rate	73.18	77.77	-	-
in INR millions	28,612	38,576	-	-
Fair Value Hedge	76.00	-	49.50	-
in USD millions	71.89	-	71.33	-
Average rate	5,464	-	3,531	-
in INR millions				
in EUR millions	-	-	0.50	-
Average rate	-	-	79.07	-
in INR millions	-	-	40	-
in GBP millions	-	-	1.00	-
Average rate	-	-	92.57	-
in INR millions	-	-	93	-

Refer note 28, 30 and 32

32 Financial risk management

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

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

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

Particulars	**For the quarter ended**		**For the nine months ended**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Revenue from top customer	4,544	3,563	12,153	10,249
Revenue from top 5 customers	7,087	6,043	19,592	17,212

One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2019, however none of the customers accounted for more than 10% of the receivables as at December 31, 2019. One customer accounted for more than 10% of the revenue for the quarter and nine months ended December 31, 2018, however none of the customers accounted for more than 10% of the receivables as at December 31, 2018.

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.

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

Liquidity risk

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

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

The working capital position of the Group is given below:

Particulars	As at December 31, 2019	As at March 31, 2019
Cash and cash equivalents	2,560	2,562
Investments in mutual funds (quoted)	6,494	5,547
Investments in non-convertible bonds/ debentures (quoted)	540	361
Investment in term deposit (unquoted)	924	740
Investment in commercial paper (unquoted)	99	188
Total	**10,617**	**9,398**

The table below provides details regarding the contractual maturities of significant financial liabilities as at December 31, 2019 and March 31, 2019:

Particulars	As at December 31, 2019		
	Less than 1 year	1-2 years	2 years and above
Borrowings	5	-	-
Lease liabilities	1,153	1,164	5,891
Book overdrafts	11	-	-
Trade payables	2,408	-	-
Other financial liabilities	3,170	1	-
Derivative financial instruments - fair value hedge	6	-	-
Derivative financial instruments - cash flow hedge	26	33	26

Particulars	As at March 31, 2019		
	Less than 1 year	1-2 years	2 years and above
Borrowings	5	5	-
Book overdrafts	3	-	-
Trade payables	2,131	-	-
Other financial liabilities	2,427	1	-
Derivative financial instruments - fair value hedge	2	-	-

Foreign currency risk

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

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

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

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

a) an approximately Rs 54 increase and Rs 54 decrease in the Group's net profit in respect of its fair value hedges and Rs 633 increase and Rs 633 decrease in the Group's effective portion of cash flow hedges as at December 31, 2019;
b) an approximately Rs 33 increase and Rs 33 decrease in the Group's net profit as at December 31, 2018 in respect of its fair value hedges.

The following table presents foreign currency risk from non-derivative financial instruments as of December 31, 2019 and March 31, 2019.

As at December 31, 2019 — Rs in million

Particulars	US $	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	9,370	1,609	1,392	639	13,010
Unbilled revenue	1,595	177	344	149	2,265
Cash and cash equivalents	1,044	371	209	452	2,076
Other assets	88	41	38	23	190
Liabilities					
Lease liabilities	2,758	25	208	58	3,049
Trade payables	1,179	59	133	41	1,412
Other liabilities	1,667	98	273	86	2,124
Net assets/liabilities	**6,493**	**2,016**	**1,369**	**1,078**	**10,956**

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

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

As at March 31, 2019 — **Rs in million**

Particulars	**US $**	**Euro**	**Pound Sterling**	**Other currencies***	**Total**
Assets					
Trade receivables	9,174	1,424	1,416	736	12,750
Unbilled revenue	2,299	215	233	133	2,880
Cash and cash equivalents	1,642	214	177	221	2,254
Other assets	97	33	64	17	211
Liabilities					
Trade payables	1,114	52	136	50	1,352
Other liabilities	1,210	87	273	72	1,642
Net assets/liabilities	**10,888**	**1,747**	**1,481**	**985**	**15,101**

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

For the quarter and nine months ended December 31, 2019 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact operating margins by 0.2%/ (0.2)% and 0.2%/ (0.2)% respectively. For the quarter and nine months ended December 31, 2018, the impact on operating margins would be 0.2%/ (0.2)% and 0.2%/ (0.2)% respectively.

Interest rate risk

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

33 Capital management

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

The capital structure is as follows:

Particulars	**As at December 31, 2019**	**As at March 31, 2019**
Total equity attributable to the equity share holders of the Group	31,579	33,061
As percentage of total capital	85%	100%
Total loans and borrowings	5	10
Total lease liabilities	5,760	-
Total loans, borrowings and lease liabilities	5,765	10
As a percentage of total capital	15%	0%
Total capital (loans, borrowings, lease liabilities and equity)	**37,344**	**33,071**

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

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

34 Related party transaction

Name of related party	Nature of relationship
Mindtree Foundation	Entity with common key managerial person
Bridgeweave Limited	Entity with common key managerial person
NuvePro Technologies Private Limited*	Entity in which a key managerial person is a member.
Amitav Bagchi	Relative of a key managerial person till July 16, 2019.
Coffee Day Global Limited Tanglin Developments Limited ('TDL') Sical Logistics Limited	As per the arrangement mentioned in the draft letter of offer of L&T dated April 02, 2019, received by the Company, the shares held by (a) V. G. Siddhartha (b) Coffee Day Trading Limited and (c) Coffee Day Enterprises Limited aggregating to 19.95% of the shares in Mindtree Limited was transferred to SCB Escrow A/C - Project Carnation, Lotus & Marigold. The above shareholding interest was subsequently transferred to L&T and accordingly ceased to be related party during the period.
Larsen & Toubro Limited	Parent Company (Also refer note 10(d))
L&T Investment Management Ltd**	Fellow Subsidiary
Mindtree Limited Employees Gratuity Fund Trust	Gratuity Trust

* Related party under The Companies Act, 2013 till July 17, 2019.
** Investment Manager for L&T Mutual Fund.

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended		For the nine months ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Mindtree Foundation	Donation paid	11	17	47	55
Bridgeweave Limited	Software services rendered	-	-	1	(5)
Mindtree Limited Employees Gratuity Fund Trust	Contribution for Gratuity	7	2	218	127
Coffee Day Global Limited	Procurement of supplies	-	9	-	24
	Software services rendered	-	3	-	25
Tanglin Developments Limited	Leasing office buildings and land	-	114	-	319
L&T Mutual Fund	Purchase of investments	-	-	100	-
	Proceeds from sale of investments	-	-	100	-
Larsen & Toubro Limited	Dividend paid	299	-	2,789	-
Amitav Bagchi	Professional services received	-	-	-	1
NuvePro Technologies Private Limited	Software services received	-	-	1	-

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at December 31, 2019	As at March 31, 2019
Coffee Day Global Limited	Trade Payables	-	2
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	197	211

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at December 31, 2019	As at March 31, 2019
Coffee Day Global Limited	Trade receivables	-	32
Tanglin Developments Limited	Security deposit including electricity deposit returnable on termination of lease	-	270

The amount outstanding are unsecured and will be settled in cash. No guarantee has been given or received.
Related party transactions as disclosed above pertain to transactions which are actually billed, and does not include transactions and balances arising from unbilled revenues

Key Managerial Personnel:

Anilkumar Manibhai Naik[1]	Non-Executive Chairman
Krishnakumar Natarajan[2]	Executive Chairman
Rostow Ravanan[2]	CEO and Managing Director
N.S. Parthasarathy[2]	Executive Vice Chairman, President and Chief Operating Officer
Debashis Chatterjee[3]	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyan[4]	Non-Executive Vice Chairman
Jayant Damodar Patil[5]	Non-Executive Director
Ramamurthi Shankar Raman[5]	Non-Executive Director
Subroto Bagchi[6]	Non-Executive Director
Prasanna Rangacharya Mysore[7]	Independent Director
Deepa Gopalan Wadhwa[8]	Independent Director
Apurva Purohit	Independent Director
Milind Sarwate	Independent Director
Akshaya Bhargava	Independent Director
Bijou Kurien	Independent Director
Pradip Menon[9]	Chief Financial Officer
Vedavalli Sridharan	Company Secretary

[1]The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on July 17, 2019, approved and recommended the appointment of Mr. Anilkumar Manibhai Naik as an Additional Director and designated him as Non-Executive Chairman with effect from July 18, 2019 and the same is approved by shareholders through Postal Ballot by way of special resolution on September 23, 2019.

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

[2]Mr. Krishnakumar Natarajan, Executive Chairman, Mr. N S Parthasarathy, Executive Vice Chairman and Chief Operating Officer and Mr. Rostow Ravanan, CEO and Managing Director of the Company have resigned from the Board on July 17, 2019.

[3]The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on August 2, 2019, approved and recommended the appointment of Mr. Debashis Chatterjee as CEO and Managing Director for a period commencing from August 2, 2019 to August 1, 2024 and the same is approved by shareholders through Postal Ballot on September 23, 2019.

[4]The Nomination and Remuneration Committee and the Board of Directors of the Company had approved and recommended the appointment of Mr. Sekharipuram Narayanan Subrahmanyan as Non-Executive Director of the Company with effect from July 16, 2019 and the shareholders have approved the same at the Twentieth Annual General Meeting of the Company held on July 16, 2019.
Further the Nomination and Remuneration Committee and the Board of Directors of the Company, at their meeting held on August 2, 2019, approved the appointment of Mr. Sekharipuram Narayanan Subrahmanyan as Non-Executive Vice Chairman of the Company with effect from August 2, 2019.

[5]The Nomination and Remuneration Committee and the Board of Directors of the Company have approved and recommended the appointments of Mr. Jayant Damodar Patil and Mr. Ramamurthi Shankar Raman as Non-Executive Directors of the Company with effect from July 16, 2019 and the shareholders have approved the same at the Twentieth Annual General Meeting of the Company held on July 16, 2019.

[6]Mr. Subroto Bagchi, Non-Executive Director of the Company, retired from the Board on July 16, 2019.

[7]The Nomination and Remuneration Committee and the Board of Directors of the Company have approved and recommended the appointment of Mr. Prasanna Rangacharya Mysore as Independent Director of the Company for a period commencing from July 16, 2019 to March 31, 2022 and the shareholders have approved the same at the Twentieth Annual General Meeting of the Company held on July 16, 2019.

[8]The Nomination and Remuneration Committee and the Board of Directors of the Company have approved and recommended the appointment of Mrs. Deepa Gopalan Wadhwa as Independent Director of the Company for a term of five years from July 16, 2019 to July 15, 2024 and the shareholders have approved the same at the Twentieth Annual General Meeting of the Company held on July 16, 2019.

[9]Resigned on November 15, 2019

Transactions with key managerial personnel

Dividends paid to directors during the quarter and nine months ended December 31, 2019 amounts to Rs Nil and Rs 397 respectively and for the quarter and nine months ended December 31, 2018 amounts to Rs 45 and Rs 118 respectively. Further, during the nine months ended December 31, 2019, 7,875 (December 31, 2018: 4,255) shares were allotted to the key managerial personnel.

Compensation of key managerial personnel of the Group

Particulars	For the quarter ended*		For the nine months ended*	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Short-term employee benefits	27	37	114	102
Share-based payment transactions	1	(16)	10	29
Others	7	4	17	13
Total compensation paid to key managerial personnel	**35**	**25**	**141**	**144**

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

35 Contingent liabilities

Particulars	December 31, 2019	March 31, 2019
Claims against the Group not acknowledged as debts	1,074	1,074

a) The Group has received income tax assessment order for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 respectively on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to Rs 18 against these demands.

b) The Group has received income tax assessment order under Section 143(3) of the Income-Tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal (ITAT). The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 556 against these demands.
The Group received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the Group's contentions and quashed the demand raised. The income tax department appealed against the above mentioned order with ITAT. ITAT, in an earlier year passed an order setting aside both the orders of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and remanded the matter back to the Assessing Officer for re-assessment. The Group preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment. The Deputy Commissioner of Income Tax has completed the reassessment and has issued a Final assessment order with a revised demand amounting to Rs 202 due to transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals).
The Group has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Group has filed an appeal with ITAT, Bengaluru.
The Group has received the order from ITAT for the FY 2005-06 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Group has filed an appeal with the Hon'ble High Court of Karnataka. The Hon'ble High Court has dismissed the appeal and this matter is pending with Assessing Officer.
The Group has received the order from ITAT for the FY 2007-08 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received.

The Group has received revised order for the FY 2008-09 under section 263 from Assessing Officer raising an additional demand of Rs 61, taking the total demand to Rs 124. The Group had filed an appeal before ITAT. Subsequently, the group has received the order from ITAT for the FY 2008-09 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received. During the quarter, the group has filed a writ petition with the Hon'ble High Court of Karnataka to stay the proceedings of the assessing officer for the financials years 2007-08 and 2008-09.

The Group has appealed against the demands received for financial years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. Based on favourable order received by the Group for the financial year 2001-02 from the Commissioner of Income Tax (Appeals) and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

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

The Group has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavorable grounds, the Group has filed an appeal before ITAT. The final order giving effect by the Assessing Officer is completed and the demand is reduced to Rs 33. The Group has deposited Rs 5 with the department against this demand.

d) The Group has received the revised order under section 263 for financial year 2009-10 from Assessing Officer reducing the demand to Rs 6. The Group has filed an appeal before ITAT. ITAT has dismissed the appeal. Order giving effect has been received. The Group has filed an appeal before Commissioner of Income Tax (Appeals).

e) The Group has received a final assessment order for financial year 2012-13 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 15 on account of certain disallowances. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals).

f) During the year ended March 31, 2018, the Group received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to Rs 250 on (a) full salary paid to International Workers and (b) special allowance paid to employees. Based on a legal advice obtained, the Group has assessed that it has a legitimate ground for appeal, and has contested the order by filing an appeal with the Employees' Provident Funds Appellate Tribunal.

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

36 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2019 is Rs 565 (As at March 31, 2019: Rs 843).

37 The Board of Directors at its meeting held on October 06, 2017, had approved the Scheme of Amalgamation ("the Scheme") of its wholly-owned subsidiary, Magnet 360, LLC ("Transferor Company") with Mindtree Limited ("Transferee Company") with an appointed date of April 01, 2017. The Company had filed an application with the National Company Law Tribunal (NCLT), Bengaluru Bench. The scheme was approved by NCLT during the year ended March 31, 2019 vide order dated November 29, 2018.

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

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

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

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

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

Industry Segments:

Statement of income	**For the quarter ended**	
	December 31, 2019	**December 31, 2018**
Segment revenue from external customers		
RCM	4,048	3,984
BFSI	4,195	3,878
Hi-tech	8,139	7,034
TH	3,271	2,976
Total	**19,653**	**17,872**
Segment operating income		
RCM	740	712
BFSI	627	101
Hi-tech	1,317	1,577
TH	379	443
Total	**3,063**	**2,833**
Depreciation and Amortization expense	(699)	(410)
Profit for the quarter before finance expenses, other income and tax	**2,364**	**2,423**
Finance costs	(133)	-
Other income	116	137
Interest income	45	37
Foreign exchange gain/ (loss)	187	(374)
Net profit before taxes	**2,579**	**2,223**
Income taxes	(609)	(311)
Net profit after taxes	**1,970**	**1,912**

Statement of income	**For the nine months ended**	
	December 31, 2019	**December 31, 2018**
Segment revenue from external customers		
RCM	12,275	11,584
BFSI	12,284	11,457
Hi-tech	22,977	20,296
TH	9,602	8,484
Total	**57,138**	**51,821**
Segment operating income		
RCM	1,979	1,905
BFSI	1,285	444
Hi-tech	3,225	4,250
TH	897	1,243
Total	**7,386**	**7,842**
Depreciation and Amortization expense	(2,075)	(1,213)
Profit for the year before finance expenses, other income and tax	**5,311**	**6,629**
Finance costs	(401)	(29)
Other income	427	281
Interest income	146	102
Foreign exchange gain/ (loss)	192	220
Net profit before taxes	**5,675**	**7,203**
Income taxes	(1,428)	(1,646)
Net profit after taxes	**4,247**	**5,557**

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

Other information	**For the quarter ended**		**For the nine months ended**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Other significant non-cash expense (Allocable)				
RCM	2	6	44	31
BFSI	(12)	17	36	35
Hi-tech	50	1	63	26
TH	15	7	45	32

Geographical information

	For the quarter ended		**For the nine months ended**	
Revenues	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
America	14,656	13,120	42,281	37,958
Europe	3,333	3,349	9,976	9,924
India	780	649	2,322	1,728
Rest of world	884	754	2,559	2,211
Total	**19,653**	**17,872**	**57,138**	**51,821**

Note:
Management believes that it is currently not practicable to provide disclosure of assets by geographical location, as meaningful segregation of the available information is onerous.
Refer note 32 on Financial risk management for information on revenue from major customers.

39 Total of expenditure incurred on Corporate Social Responsibility activities during the quarter and nine months ended December 31, 2019 is Rs 29 and Rs 120 respectively (during the quarter and nine months ended December 31, 2018 is Rs 35 and Rs 116 respectively).

40 **Non-current assets held for sale**

The Company, in an earlier year, had entered into a lease arrangement with a lessor for lease of a piece of land for a period of 30 years. Also, the Company had purchased two buildings constructed by the lessor on the above referred land vide a separate purchase agreement, and capitalized in the books of account. During the quarter, the Company received a communication from the lessor wherein it is mentioned that the lessor would like to convert the existing lease into a regular commercial lease agreement and would like to refund the residual value of the deposits and the value of the buildings under the present agreements and enter into a fresh agreement. The Company is currently in negotiation with the lessor to finalise the applicable agreed price for the termination and refund of the security deposits paid to the lessor.

Pursuant to the above, the said buildings have been reclassified from "Property, Plant and Equipment" under Non-current assets to "Non-current assets held for sale" under Current assets. Also:

(i) The security deposits aggregating to Rs 85 paid as per present agreements have been reclassified from Non-current assets to Current assets (refer notes 6.2 and 8.4).

(ii) The leased land capitalized as 'Right-of-use' asset as per Ind AS 116 – Leases, aggregating to Rs 188 has been reclassified from Non-current assets to Current assets (refer note 4).

(iii) No provision has been made in respect of liquidated damages (as per the terms of the present agreements) on security deposits, pending ongoing negotiation with the lessor.

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

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

V. Balaji
Partner

Ramamurthi Shankar Raman
Non-Executive Director

Debashis Chatterjee
CEO & Managing Director

Vedavalli Sridharan
Company Secretary

Place: Mumbai
Date : January 14, 2020

Place: Mumbai
Date : January 14, 2020