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

**32 Related party transaction**

| Name of related party | Nature of relationship |
|---|---|
| Janaagraha Centre for Citizenship & Democracy* | Entity with common key managerial person |
| Mindtree Foundation | Entity with common key managerial person |
| Coffee Day Global Limited<br>Tanglin Developments Limited ('TDL')<br>Mysore Amalgamated Coffee Estate Ltd | These entities are part of Coffee Day Group which through various entities and its promoters holds 19.96% equity stake in Mindtree. |

*Upto October 21, 2016

**Transactions with the above related parties during the period were:**

| Name of related party | Nature of transaction | For the quarter ended | | For the year ended | |
|---|---|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Mysore Amalgamated Coffee Estate Ltd | Reimbursement of travel expenses | - | - | - | 1 |
| Janaagraha Centre for Citizenship & Democracy | Donation paid | - | 4 | - | 4 |
| Mindtree Foundation | Donation paid | 13 | 4 | 48 | 36 |
| Coffee Day Global Limited | Procurement of supplies | 8 | 7 | 25 | 23 |
| | Software services rendered | 7 | 7 | 37 | 27 |
| Tanglin Developments Limited | Leasing office buildings and land | 112 | 98 | 417 | 375 |
| | Advance/ deposits paid | | | | |
| | - towards lease rentals | - | - | 117 | - |
| | Advance/ deposits received back | | | | |
| | - towards electricity deposit/ charges | - | - | - | 16 |
| | - towards lease rentals | 56 | 22 | 157 | 172 |

**Balances payable to related parties are as follows:**

| Name of related party | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Coffee Day Global Limited | 3 | 1 | - |

**Balances receivable from related parties are as follows:**

| Name of related party | Nature of balance | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| Coffee Day Global Limited | Trade receivables | 44 | 25 | - |
| Tanglin Developments Limited | Short-term loans and advances | | | |
| | - Rental advance | - | - | 94 |
| | Long-term loans and advances | | | |
| | - Advance towards electricity charges | - | - | 16 |
| | - Security deposit (including electricity deposit) returnable on termination of lease | 271 | 298 | 375 |

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

**Key Managerial Personnel:**

| | |
|---|---|
| Krishnakumar Natarajan[1] | Executive Chairman |
| Rostow Ravanan | CEO and Managing Director |
| N.S. Parthasarathy[2] | Executive Vice Chairman, President and Chief Operating Officer |
| Subroto Bagchi | Non-Executive Director |
| Dr. Albert Hieronimus[3] | Non-Executive Vice Chairman and Independent Director |
| Apurva Purohit | Independent Director |
| Manisha Girotra | Independent Director |
| Prof. Pankaj Chandra | Independent Director |
| Ramesh Ramanathan[4] | Independent Director |
| V.G.Siddhartha | Non-Executive Director |
| Milind Sarwate[5] | Independent Director |
| Akshaya Bhargava[6] | Independent Director |
| Jagannathan Chakravarthi | Chief Financial Officer |
| Vedavalli Sridharan | Company Secretary |

[1]The Board of Directors at their meeting held on January 19, 2017 have approved the extension of terms of employment of Mr. Krishnakumar Natarajan as Executive Chairman from July 01, 2017 to June 30, 2020.

[2] Appointed as Executive Vice Chairman with effect from October 21, 2016

[3] Retired with effect from April 01, 2017.

[4]Resigned with effect from October 21, 2016.

[5]Appointed with effect from July 19, 2016.

[6]Appointed with effect from December 12, 2016.

**Transactions with key management personnel**

Dividends paid to directors during the quarter and year ended March 31, 2017 amounts to Rs 45 and Rs 222 respectively and for the quarter and year ended March 31, 2016 amounts to Rs 44 and Rs 230 respectively. Further, during the year ended March 31, 2017, 44,340 shares were allotted to the key management personnel.

**Compensation of key management personnel of the Group**

| Particulars | For the quarter ended* | | For the year ended* | |
|---|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Short-term employee benefits | 14 | 30 | 74 | 100 |
| Share-based payment transactions | 1 | (6) | 3 | 11 |
| Others | 8 | 10 | 28 | 24 |
| **Total compensation paid to key management personnel** | **23** | **34** | **105** | **135** |

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

**33 Contingent liabilities**

a) The Group has received an income tax assessment order for the financial year 2008-09 wherein demand of Rs 24 has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group and disallowance of portion of profit earned outside India from the STP and SEZ units.

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 demands received.

The Group has received a favourable order from the Commissioner of Income tax (Appeals) for majority of grounds and considering the order passed, there will not be any demand on the Group. On the other grounds which are not favourable, the Group has filed an appeal before the Income Tax Appellate Tribunal ('ITAT'). The Group has received a favourable order from ITAT. The assessment was reopened under section 148 and order has been passed under section 147 wherein demand of Rs 630 has been raised against the Group on account of certain disallowance made by the Income Tax department. The Group has filed for rectification application for arithmetical error in the computation of demand, once rectified there will be no demand. The Group has also filed a writ application with Honorable High Court of Karnataka against the order. During the quarter the Group has received the revised order giving effect for the above order, reducing the demand to Nil.

b) 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.

c) 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, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, 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 ITAT. The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 563 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 th Group's contentions and quashed the demand raised. The Income tax department appealed against the above mentioned order with ITAT. ITAT 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 & 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 a filed an appeal with ITAT. Bengaluru.

The Group has received the order from ITAT for the FY 2006-07 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Transfer pricing officer has passed the favorable order. 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 has filed an appeal before ITAT. The order giving effect to the said order has been received and appeal is filed with Commissioner Appeals.

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.

d) 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. The 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 Income Tax Appellate Tribunal. 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.

e) The Group has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and transfer pricing adjustments. The 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). Commissioner of Income tax (Appeals) has passed the order in our favour.

During the quarter ended March 31, 2017 the Group has received the order giving effect to the said order and there is no demand. 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).

f) The Group has received the 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. The 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).

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

**34 Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2017 is Rs 242 (As at March 31, 2016: Rs 262 and April 1, 2015: Rs 508).

**35 Acquisition of Bluefin Solutions Limited ('Bluefin')**

On July 16, 2015, the Group acquired 100% of equity interest in Bluefin, thereby obtaining control. Bluefin provides SAP based business and technology consulting services. It offers SAP implementation and integration services; and business advisory services in areas of business growth strategy, operational excellence, business change management and information technology excellence. The acquisition of Bluefin will enable the Group to increase its foot print in SAP implementation and integration space.

The acquisition was executed through stock purchase agreement to acquire 100% of the equity interest in Bluefin.
The fair value of purchase consideration of Rs 3,981 comprised upfront cash consideration of Rs 3,379 and contingent consideration of Rs 602.

The details are provided below:

| Sl no | Nature of consideration | Amount (Rs) | Fair value (Rs) | Terms |
|---|---|---|---|---|
| 1 | Upfront cash consideration | 3,379 | 3,379 | |
| 2 | Contingent consideration | 835 | 602 | Payable in three installments for the financial year ending March 2016, 2017 and 2018 determined based on achievement of certain financial targets |
| | **Total** | **4,214** | **3,981** | |

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 20.3% and probability adjusted revenue and earnings estimates

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 1,829. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

**The purchase price has been allocated based on Management's estimates as follows:**

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 25 | - | 25 |
| Net current assets | 644 | - | 644 |
| Intangible assets | 7 | 1,441 | 1,448 |
| Deferred tax liabilities on intangible assets | - | (288) | (288) |
| **Total** | **676** | **1,153** | **1,829** |
| Goodwill | | | 2,152 |
| **Total purchase price** | | | **3,981** |

The transaction costs related to the acquisition amounting to Rs 21 have been included under other expenses in the consolidated statement of profit and loss for the year ended March 31, 2016.

The intangible assets are amortised over a period of five to ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

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

The goodwill amounting to Rs 2,152 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.
None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

From the date of acquisition, Bluefin has contributed revenues amounting to Rs 2,197 and profits amounting to Rs 157 to the Group's results for the period ended March 31, 2016. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and profits for the period would have been Rs 2,925 and Rs 179 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.
Results from this acquisition are grouped under various operating segments as defined by the Management.

**36 Acquisition of Relational Solutions, Inc ('RSI')**

On July 16, 2015, the Group acquired 100% of equity interest in RSI, thereby obtaining control. RSI develops data warehouses and business intelligence solutions. The acquisition of RSI will enable the Group to increase its foot print in development of data warehouses and business intelligence solutions space.

The acquisition was executed through common stock purchase agreement to acquire 100% of equity interest in RSI.
The fair value of purchase consideration of Rs 522 comprised upfront cash consideration of Rs 454 and contingent consideration of Rs 68.

**The details are provided below:**

| Sl no | Nature of consideration | Amount (Rs) | Fair value (Rs) | Terms |
|---|---|---|---|---|
| 1 | Upfront cash consideration | 454 | 454 | |
| 2 | Contingent consideration | 95 | 68 | Payable in two installments for the fiscal year ending June 2016 and 2017 determined based on achievement of certain financial targets |
| | **Total** | **549** | **522** | |

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 23.4% and probability adjusted revenue and earnings estimates

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 183. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

**The purchase price has been allocated based on Management's estimates as follows:**

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net current assets | (0.30) | | (0.30) |
| Intangible assets | | 281 | 281 |
| Deferred tax liabilities on intangible assets | - | (98) | (98) |
| **Total** | **(0.30)** | **183** | **183** |
| Goodwill | | | 339 |
| **Total purchase price** | | | **522** |

The transaction costs related to the acquisition amounting to Rs 11 have been included under other expenses in the consolidated statement of profit and loss for the year ended March 31, 2016.

The intangible assets are amortised over a period of five to ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The goodwill amounting to Rs 339 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

From the date of acquisition, RSI has contributed revenues amounting to Rs 115 and profits amounting to Rs 9 to the Group's results for the period ended March 31, 2016. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and loss for the period would have been Rs 145 and Rs 17 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.
Results from this acquisition are grouped under RCM in the segmental reporting.

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

**37 Acquisition of Magnet 360 LLC ('Magnet')**

On January 19, 2016, the Group acquired 100% of membership interest in Magnet 360 LLC, thereby obtaining control.

Magnet 360, LLC provides Sales force multi-cloud implementation strategies and consulting services. It assesses go-to-market goals of organizations and specializes in multi-cloud, marketing automation and community cloud solutions. The acquisition of Magnet will enable the Group to increase its foot print in sales force multi-cloud implementation space.

The acquisition was executed through unit purchase agreement to acquire 100% of the membership interest in Magnet

The fair value of purchase consideration of Rs 2,962 comprised upfront cash consideration of Rs 2,526 and contingent consideration of Rs 436.

**The details are provided below:**

| Sl no | Nature of consideration | Amount (Rs) | Fair value (Rs) | Terms |
|---|---|---|---|---|
| 1 | Upfront cash consideration | 2,526 | 2,526 | |
| 2 | Contingent consideration | 566 | 436 | Payable in two installments for the year ending Dec 2016, and Dec 2017 determined based on achievement of certain financial targets |
| | **Total** | **3,092** | **2,962** | |

The fair value of the contingent consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the previous owners on achievement of certain financial targets applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 17.7% and probability adjusted revenue and earnings estimates

The fair value of net assets acquired on the acquisition date as a part of the transaction amounted to Rs 1,174. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

**The purchase price has been allocated based on Management's estimates as follows:**

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 39 | - | 39 |
| Net current assets | 158 | - | 158 |
| Intangible assets | - | 977 | 977 |
| **Total** | **197** | **977** | **1,174** |
| Goodwill | | | 1,788 |
| **Total purchase price** | | | **2,962** |

The intangible assets are amortized over a period of five to ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The goodwill amounting to Rs 1,788 comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc. and The goodwill amounting to Rs 1,788 is expected to be deductible for tax purposes.

From the date of acquisition, Magnet 360 has contributed revenues amounting to Rs 428 and profits / (loss) amounting to Rs (16) to the Group's results for the period ended March 31, 2016. If the acquisition had occurred on April 1, 2015, management estimates that consolidated revenues and profits for the year would have been Rs 1,647 and Rs 356 respectively. The proforma amounts are not necessarily indicative of results that would have occurred if the acquisition had occurred on dates indicated or that may result in the future.

Results from this acquisition are grouped under various operating segments as defined by the management.

**38** The Company had filed an application before the Hon'ble High Court of Karnataka for a composite scheme of amalgamation ("the scheme") of Discoverture Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company with the Company, with an appointed date of April 1, 2015. Pursuant to the notification of certain sections of the Companies Act, 2013 on amalgamation, the application has been transferred to the National Company Law Tribunal (NCLT). Pending requisite approvals, no effect has been given for the scheme in the financial statements.

The Board of Directors at its meeting held on January 19, 2017 have approved the proposal to transfer the business and net assets of its wholly owned subsidiary, Bluefin Solutions Limited ("Bluefin") to Mindtree against the cancellation and extinguishment of Mindtree's investment in Bluefin. This is subject to the approval of Reserve Bank of India (RBI) and other statutory authorities, as may be required.

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

**39 Segmental 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, TMS and TH. During the period, the Group has restructured its verticals and accordingly, as required by accounting standards, comparatives have been restated and presented in line with the current segments. 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, it is reported 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 customers invoices or in relation to which the revenue is otherwise recognized.

**Industry Segments:**

| **Statement of income** | **For the quarter ended March 31,** | |
|---|---|---|
| | **2017** | **2016** |
| **Segment revenue from external customers** | | |
| RCM | 3,032 | 3,148 |
| BFSI | 3,250 | 3,231 |
| TMS | 4,939 | 4,662 |
| TH | 1,960 | 2,162 |
| **Total** | **13,181** | **13,203** |
| **Segment operating income** | | |
| RCM | 330 | 508 |
| BFSI | 280 | 341 |
| TMS | 953 | 918 |
| TH | 306 | 420 |
| **Total** | **1,869** | **2,187** |
| Depreciation and Amortization expense | (468) | (475) |
| **Profit for the period before finance expenses, other income and tax** | **1,401** | **1,712** |
| Finance costs | (47) | (63) |
| Other income | 110 | 65 |
| Interest income | 23 | 23 |
| Foreign exchange gain/ (loss) | (228) | 31 |
| **Net profit before taxes** | **1,259** | **1,768** |
| Income taxes | (287) | (441) |
| **Net profit after taxes** | **972** | **1,327** |

| **Statement of income** | **For year ended March 31,** | |
|---|---|---|
| | **2017** | **2016** |
| **Segment revenue from external customers** | | |
| RCM | 12,476 | 11,394 |
| BFSI | 12,882 | 11,970 |
| TMS | 19,235 | 16,116 |
| TH | 7,771 | 7,250 |
| **Total** | **52,364** | **46,730** |
| **Segment operating income** | | |
| RCM | 1,493 | 2,183 |
| BFSI | 1,153 | 1,627 |
| TMS | 3,671 | 3,153 |
| TH | 864 | 1,247 |
| **Total** | **7,181** | **8,210** |
| Depreciation and Amortization expense | (1,858) | (1,658) |
| **Profit for the period before finance expenses, other income and tax** | **5,323** | **6,552** |
| Finance costs | (191) | (160) |
| Other income | 449 | 245 |
| Interest income | 104 | 202 |
| Foreign exchange gain/ (loss) | (136) | 392 |
| **Net profit before taxes** | **5,549** | **7,231** |
| Income taxes | (1,363) | (1,706) |
| **Net profit after taxes** | **4,186** | **5,525** |

| Other information | For the quarter ended March | | For year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Other significant non-cash expense (Allocable) | | | | |
| RCM | 1 | 12 | 26 | 15 |
| BFSI | (1) | 24 | 6 | 29 |
| TMS | (20) | 15 | 1 | 33 |
| TH | 2 | - | 10 | 8 |

**Geographical information**

| | For the quarter ended March | | For year ended March 31, | |
|---|---|---|---|---|
| **Revenues** | **2017** | **2016** | **2017** | **2016** |
| America | 9,194 | 8,115 | 35,705 | 29,727 |
| Europe | 2,743 | 3,891 | 11,281 | 12,343 |
| India | 375 | 369 | 1,641 | 1,408 |
| Rest of world | 869 | 828 | 3,737 | 3,252 |
| **Total** | **13,181** | **13,203** | **52,364** | **46,730** |

**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.

Please refer to Note No. 30 on Financial Instruments for information on revenue from major customers.

**40** Total of expenditure incurred on Corporate Social Responsibility activities during the year ended March 31, 2017 is Rs 109 (during the year ended March 31, 2016 is Rs 94).

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

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2017 has been made in the financial statements based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the balance sheet date.

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year; | 10 | 4 |
| The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | Nil | Nil |
| The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid); | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of accounting year; and | Nil | Nil |
| The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | Nil | Nil |

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

| Name of the entity | Net assets, i.e. total assets minus total liabilities | | Share in profit or loss for the year ended March 31, 2017 | | Share in other comprehensive income for the year ended March 31, 2017 | | Share in total comprehensive income for the year ended March 31, 2017 | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Mindtree Limited* | 95.61% | 24,640 | 105.54% | 4,417 | 80.35% | (499) | 109.93% | 3,918 |
| **Foreign subsidiaries** | | | | | | | | |
| Mindtree Software (Shanghai) Co. Ltd | 0.05% | 12 | 0.00% | - | 0.00% | - | | - |
| Discoverture Solutions LLC | 0.25% | 64 | 0.67% | 28 | 0.00% | - | 0.79% | 28 |
| Relational Solutions Inc. | -0.05% | (13) | -0.47% | (20) | 0.00% | - | -0.56% | (20) |
| Bluefin Solutions Limited (consolidated) | 2.30% | 594 | -1.90% | (78) | 18.52% | (115) | -5.43% | (193) |
| Magnet 360 LLC (consolidated) | 1.84% | 474 | -3.84% | (161) | 1.13% | (7) | -4.72% | (168) |

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

**43. First- time adoption of Indian Accounting Standard (Ind AS)**

The Group's interim consolidated financial statements for the quarter and year ended March 31, 2017 are prepared in accordance with Ind AS's notified under the Companies (Indian Accounting Standards) Rules, 2015.

The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS Consolidated Financial Statements for the quarter and year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

In preparing these consolidated financial statements, the Group has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

**(a) Exceptions from full retrospective application:**

A. Estimates exception: Upon an assessment of the estimates made under previous GAAP, the management is of the opinion that there was no need to revise such estimates under Ind AS, except where estimates were required by Ind AS's and not required by previous GAAP.

B. Government loans: In accordance with Ind AS 101, on application of Ind AS 20, “Accounting for Government Grants and Disclosure of Government Assistance”, the Company has used its previous GAAP carrying amount at the date of transition to Ind ASs as the carrying amount in the opening Ind AS Balance Sheet

**(b) Exemptions from retrospective application:**

A. Share-based payment exemption: The Group has availed exemption available under Ind AS 101 on application of Ind AS 102, “Share Based Payment”, to equity instruments that vested before the date of transition to Ind ASs.

B. Business combination exemption: The Group has applied the exemption as provided in Ind AS 101 from application of Ind AS 103, “Business Combinations” to business combinations made prior to April 1, 2014.

**(c) Reconciliations:**
The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2015;
- equity as at March 31, 2016;
- total comprehensive income for the quarter and year ended March 31, 2016; and
- explanation of material adjustments to cash flow statements.

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

**Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015**

| | Note | March 31, 2016 | | | April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | Amount as per previous GAAP | Effect of transition to Ind AS | Ind AS | Amount as per previous GAAP | Effect of transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 6, 7 | 4,367 | (194) | 4,173 | 4,513 | (188) | 4,325 |
| Capital work in progress | | 232 | - | 232 | 354 | - | 354 |
| Goodwill | 1 | 7,766 | (2,951) | 4,815 | 922 | (253) | 669 |
| Other intangible assets | 1 | 98 | 2,534 | 2,632 | 120 | 197 | 317 |
| Financial assets | | | | | | | |
| Investments | 2 | 58 | 4 | 62 | 8 | 4 | 12 |
| Loans | 6 | 564 | 91 | 655 | 547 | 67 | 614 |
| Other financial assets | 5 | 260 | (71) | 189 | | | |
| Deferred tax assets (net) | | 803 | (394) | 409 | 595 | (48) | 547 |
| Other non-current assets | 6 | 1,187 | 141 | 1,328 | 1,000 | 158 | 1,158 |
| | | **15,335** | **(840)** | **14,495** | **8,059** | **(63)** | **7,996** |
| **Current assets** | | | | | | | |
| Financial assets | | | | | | | |
| Investments | 2 | 2,101 | 165 | 2,266 | 5,342 | 148 | 5,490 |
| Trade receivables | | 9,728 | - | 9,728 | 6,963 | - | 6,963 |
| Cash and cash equivalents | | 2,332 | - | 2,332 | 3,763 | - | 3,763 |
| Loans | 6 | 37 | 1 | 38 | 134 | 2 | 136 |
| Other financial assets | 5 | 2,773 | (12) | 2,761 | 1,337 | - | 1,337 |
| Other current assets | 6 | 1,133 | 16 | 1,149 | 979 | 30 | 1,009 |
| | | **18,104** | **170** | **18,274** | **18,518** | **180** | **18,698** |
| **TOTAL ASSETS** | | **33,439** | **(670)** | **32,769** | **26,577** | **117** | **26,694** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 1,678 | - | 1,678 | 837 | - | 837 |
| Other equity | | 22,279 | 192 | 22,471 | 19,291 | 1,137 | 20,428 |
| **Equity attributable to owners of the company** | | **23,957** | **192** | **24,149** | **20,128** | **1,137** | **21,265** |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | | 18 | - | 18 | 23 | - | 23 |
| Other financial liabilities | 1 | 1,010 | (243) | 767 | 227 | - | 227 |
| Other non-current liabilities | 7 | 81 | 10 | 91 | 108 | 20 | 128 |
| | | **1,109** | **(233)** | **876** | **358** | **20** | **378** |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | | 415 | - | 415 | - | - | - |
| Trade payables | | 1,889 | 1 | 1,890 | 1,417 | 1 | 1,418 |
| Other financial liabilities | 1, 3 | 3,390 | (636) | 2,754 | 2,050 | (39) | 2,011 |
| Other current liabilities | 7 | 1,043 | 6 | 1,049 | 579 | 7 | 586 |
| Provisions | 3 | 1,289 | - | 1,289 | 1,806 | (1,009) | 797 |
| Current tax liabilities (Net) | | 347 | - | 347 | 239 | - | 239 |
| | | **8,373** | **(629)** | **7,744** | **6,091** | **(1,040)** | **5,051** |
| **TOTAL EQUITY AND LIABILITIES** | | **33,439** | **(670)** | **32,769** | **26,577** | **117** | **26,694** |

**Mindtree Limited**
**Significant accounting policies and notes to the accounts**
**For the quarter and year ended March 31, 2017**
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**(i) Equity reconciliation** ***Rs in million***

| Particulars | Notes | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Equity under previous GAAP attributable to:** | | | |
| Mindtree Limited | | 23,957 | 20,128 |
| Non-controlling interests | | - | - |
| **Equity under previous GAAP** | | **23,957** | **20,128** |
| Proposed dividend and tax thereon | 3 | 606 | 1,009 |
| Fair valuation of investments | 2 | 112 | 101 |
| Effect of discounting of security deposit and reclassification of land as operating lease | 6 | 20 | 16 |
| Discounting of consideration receivable | 5 | (81) | - |
| Business combination | 1 | (482) | (16) |
| Others | | 17 | 27 |
| **Equity as per Ind AS** | | **24,149** | **21,265** |

**(ii) Total comprehensive income reconciliation** ***Rs in million***

| Particulars | Notes | For the year ended March 31, 2016 | For the quarter ended March 31, 2016 |
|---|---|---|---|
| **Net income under previous GAAP attributable to :** | | | |
| Mindtree Limited | | 6,033 | 1,560 |
| Non-controlling interests | | - | - |
| **Net income under previous GAAP** | | **6,033** | **1,560** |
| Fair valuation of investments | 2 | 10 | 19 |
| Employee benefits | 4 | 28 | 5 |
| Effect of discounting of security deposit and reclassification of land as operating lease | 6 | 4 | - |
| Business combination | 1 | (460) | (174) |
| Discounting of consideration receivable | 5 | (81) | (81) |
| Others | | (9) | (2) |
| **Profit for the period under Ind AS** | | **5,525** | **1,327** |
| Other comprehensive income | | (242) | (151) |
| **Total comprehensive income under Ind AS** | | **5,283** | **1,176** |

**Notes:**

1. Business combinations:

Under Ind AS, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date. This has resulted in the recognition of intangible assets and consequent amortisation of such intangible assets in the statement of profit and loss. Under previous GAAP, the assets and liabilities of the acquiree are recognised at their book values.

Further, under Ind AS, contingent consideration payable on business combination is measured at fair value while under previous GAAP it is recognised at cost.

2. Fair valuation of investments:
a) Under Ind AS, financial assets and financial liabilities designated at fair value through profit and loss (FVTPL) are fair valued at each reporting date with changes in fair value recognized in the statement of profit and loss. Under previous GAAP, they are measured at lower of cost or net realisable value. Mutual fund investments have been classified as FVTPL. Consequently, increase in fair value of such investments in quoted mutual funds has resulted in a gain.
b) Under Ind AS, financial assets designated at fair value through other comprehensive income (FVTOCI) are fair valued at each reporting date with changes in fair value (net of deferred taxes) recognized directly in other comprehensive income. Under previous GAAP, they are measured at cost with provision for dimunition other than temporary. Investments in equity instruments have been classified as FVTOCI. Consequently, fair value of such equity instruments designated at FVTOCI has resulted in a gain in other comprehensive income.

3. Under Ind AS, liability for dividend is recognized in the period in which the obligation to pay is established. Under previous GAAP, a liability is recognized in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date. Consequently, dividend payable under Ind AS is lower and retained earning is higher.

4. Under previous GAAP, actuarial gains and losses were recognised in the statement profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of statement of profit and loss.

5. Under Ind AS, the deferred consideration on sale of land is measured at fair value. Under previous GAAP, such consideration are carried at initial transaction value. The difference between initial transaction value and fair value on the date of sale is reduced from profit on sale of land and subsequent change in the fair value of such deferred consideration is recognised as notional interest income in the statement of profit and loss.

6. Under Ind AS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. The lease rentals paid in advance are charged to the statement of profit and loss over the lease term.
Under Ind AS, financial instruments other than those designated at FVTPL and FVTOCI are measured at amortised cost. Under previous GAAP, they are recognised at cost. Security deposits are carried at amortised cost using effective interest method.

7. Under Ind AS, grant specific to property, plant and equipment should be treated as deferred income which is recognised in statement of profit and loss over the periods and in proportion to depreciation on related assets. Under previous GAAP, such non-monetary grant was deducted from the gross value of the asset.

**(iii) Cash flow statement:**
There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

As per our report of even date attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*
Firm Registration Number: 008072S

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

**V. Balaji**
*Partner*
Membership Number: 203685

**N. Krishnakumar**
Chairman

**Rostow Ravanan**
CEO & Managing Director

**Jagannathan Chakravarthi**
Chief Financial Officer

**Vedavalli Sridharan**
Company Secretary

Place: Bengaluru
Date : April 20, 2017

Place: Bengaluru
Date : April 20, 2017