

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)

31 Related party transaction

Name of related party	Nature of relationship	Country of incorporation
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary	China
Discoverture Solutions L.L.C.	Subsidiary with effect from February 13, 2015	United States
Discoverture Solutions U.L.C.*	Subsidiary with effect from February 13, 2015	Canada
Discoverture Solutions Europe Limited**	Subsidiary with effect from February 13, 2015	United Kingdom
Bluefin Solutions Limited	Subsidiary with effect from July 16, 2015	United Kingdom
Bluefin Solutions Inc.	Subsidiary with effect from July 16, 2015	United States
Bluefin Solutions Sdn Bhd	Subsidiary with effect from July 16, 2015	Malaysia
Blouvin (Pty) Limited	Subsidiary with effect from July 16, 2015	South Africa
Bluefin Solutions Pte Ltd	Subsidiary with effect from July 16, 2015	Singapore
Relational Solutions, Inc	Subsidiary with effect from July 16, 2015	United States
Magnet 360, LLC	Subsidiary with effect from January 19, 2016	United States
Reside, LLC	Subsidiary with effect from January 19, 2016	United States
M360 Investments, LLC	Subsidiary with effect from January 19, 2016	United States
Numerical Truth, LLC	Subsidiary with effect from January 19, 2016	United States
Janaagraha Centre for Citizenship & Democracy***	Entity with common key managerial person	
Mindtree Foundation	Entity with common key managerial person	
Coffee Day Global Limited Tanglin Developments Limited ('TDL') 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.	

*Dissolved with effect from November 19, 2015.

**Dissolved with effect from July 5, 2016.

*** 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
Mindtree Software (Shanghai) Co., Ltd	Software services received	3	4	14	20
Relational Solutions, Inc	Software services rendered	12	-	36	-
	Software license fees paid	-	-	-	3
Discoverture Solutions L.L.C	Software services rendered	54	102	197	248
	Dividend received	80	68	80	68
	Software services received	37	35	160	92
Bluefin Solutions Limited	Software services rendered	5	4	10	4
	Software services received	12	4	41	7
	Dividend received	-	94	-	94
Bluefin Solutions Inc	Software services rendered	6	-	6	-
	Software services received	6	-	9	-
	Reimbursement of expenses	1	-	1	-
Magnet 360 LLC	Software services rendered	14	-	30	-
	Software services received	56	-	70	-
Mysore Amalgamated Coffee Estate Ltd	Reimbursement of travel expenses	-	-	-	1
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
Janaagraha Centre for Citizenship & Democracy	Donation paid	-	4	-	4
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

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)

Balances payable to related parties are as follows:

Name of related party	Nature of balances	As at	As at	As at
		March 31, 2017	March 31, 2016	April 1, 2015
Mindtree Software (Shanghai) Co., Ltd	Trade payables	1	1	6
Discoverture Solutions L.L.C.	Trade payables	24	15	-
Bluefin Solutions Limited	Trade payables	11	4	-
Magnet 360 LLC	Trade payables	37	-	-
Coffee Day Global Limited	Trade payables	3	1	-

Balances receivable from related parties are as follows:

Name of related party	Nature of balances	As at		
		March 31, 2017	March 31, 2016	April 1, 2015
Discoverture Solutions L.L.C.	Trade receivables	34	98	22
Bluefin Solutions Limited	Trade receivables	5	4	-
Bluefin Solutions Inc.	Trade receivables	2	-	-
Relational solutions Inc.	Trade receivables	26	-	-
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
N.S. Parthasarathy ²	Executive Vice Chairman, President and Chief Operating Officer
Rostow Ramanan	CEO and Managing Director
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

¹The 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 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 Company

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	9	28	23
Total compensation paid to key management personnel	23	33	105	134

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

Mindtree Limited

Significant accounting policies and notes to the accounts

For the quarter and year ended March 31, 2017

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

- 32** 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 has 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.

33 Contingent liabilities

a) The Company has received an income tax assessment order for the financial year 2008-09 wherein demand of Rs 24 has been raised against the Company 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 Company 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 Company has filed an appeal with Commissioner of Income Tax (Appeals) ('CIT(A)') against the demands received.

The Company 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 Company. On the other grounds which are not favourable, the Company has filed an appeal before the Income Tax Appellate Tribunal ('ITAT'). The Company 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 Company on account of certain disallowance made by the Income Tax department. The Company has filed for rectification application for arithmetical error in the computation of demand, once rectified there will be no demand. The Company has also filed a writ application with Honorable High Court of Karnataka against the order. During the quarter ended March 31, 2017 the Company has received the revised order giving effect for the above order, reducing the demand to Nil.

b) The Company 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 Company has filed an appeal against the demand received. The Company 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 Company 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 Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Company has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 563 against these demands.

The Company 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 Company'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 Company 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 Company has filed an appeal with Commissioner of Income Tax (Appeals).

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)

The Company has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Company has filed an appeal with ITAT, Bengaluru.

The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Company 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 Company 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 Company has deposited Rs 5 with the department against this demand.

e) The Company 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 Company 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 Company has received the order giving effect to the said order and there is no demand. The Company has received the revised order under section 263 for financial year 2009-10 from Assessing officer reducing the demand to Rs 6. The Company has filed an appeal before ITAT. ITAT has dismissed the appeal. Order giving effect has been received. The Company has filed an appeal before Commissioner of Income tax (Appeals).

f) The Company 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. 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 Company has filed an appeal with Commissioner of Income Tax (Appeals).

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 (March 31, 2016: Rs 262 and April 1, 2015: Rs 508).

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)****35 Segment reporting:**

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 Company'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 Company is structured into four reportable business segments – RCM, BFSI, TMS and TH. During the period, the Company 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 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 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		
RCM	2,371	2,393
BFSI	3,055	3,100
TMS	4,584	4,397
TH	1,953	2,121
Total	11,963	12,011
Segment operating income		
RCM	309	450
BFSI	270	441
TMS	1,038	940
TH	306	423
Total	1,923	2,254
Depreciation and amortization expense	(336)	(341)
Profit for the period before finance expenses, other income and tax	1,587	1,913
Finance costs	(46)	(62)
Other income	111	228
Interest Income	22	22
Foreign exchange gain/ (loss)	(223)	25
Net profit before taxes	1,451	2,126
Income taxes	(319)	(473)
Net profit after taxes	1,132	1,653

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)

Statement of income	For the year ended March 31,	
	2017	2016
Segment revenue		
RCM	9,683	9,345
BFSI	12,086	11,189
TMS	18,057	15,704
TH	7,700	7,160
Total	47,526	43,398
Segment operating income		
RCM	1,497	2,055
BFSI	1,084	1,545
TMS	3,893	3,151
TH	885	1,262
Total	7,359	8,013
Depreciation and amortization expense	(1,331)	(1,318)
Profit for the period before finance expenses, other income and tax	6,028	6,695
Finance costs	(190)	(159)
Other income	530	407
Interest income	103	201
Foreign exchange gain/ (loss)	(154)	365
Net profit before taxes	6,317	7,509
Income taxes	(1,426)	(1,699)
Net profit after taxes	4,891	5,810

Other information	For the quarter ended		For the year ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Other significant non-cash expense (Allocable)				
RCM	(2)	12	21	15
BFSI	-	6	13	8
TMS	(21)	15	(2)	33
TH	1	0	10	8

Geographical information

Revenues	For the quarter ended		For the year ended	
	March 31,		March 31,	
	2017	2016	2017	2016
America	8,477	8,137	32,871	29,132
Europe	2,277	2,589	9,356	9,717
India	375	371	1,641	1,409
Rest of World	834	914	3,658	3,140
Total	11,963	12,011	47,526	43,398

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

- 36 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).

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)****37 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	March 31, 2017	For the year ended 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

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)

38 Transition to Ind AS

The Company's interim financial statements for the quarter and year ended March 31, 2017 are prepared in accordance with Ind AS 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 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 financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company 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 Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian 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 Company 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 AS.

(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.

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)

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	vi, vii	4,304	(195)	4,109	4,507	(188)	4,319
Capital work in progress		232	-	232	354	-	354
Other intangible assets		92	-	92	119	1	120
Financial assets					-	-	
Investments	ii	9,052	(466)	8,586	1,113	(42)	1,071
Loans	vi	560	91	651	546	67	613
Other financial assets	v	259	(70)	189	-	-	-
Deferred tax assets (net)	vi	791	(57)	734	595	(50)	545
Other non-current assets		1,150	142	1,292	1,000	158	1,158
		16,440	(555)	15,885	8,234	(54)	8,180
Current assets							
Financial assets							
Investments	ii	2,101	165	2,266	5,342	148	5,490
Trade receivables		8,825	-	8,825	6,798	-	6,798
Cash and cash equivalents		1,924	-	1,924	3,669	-	3,669
Loans	vi	35	2	37	134	2	136
Others	v	2,471	(13)	2,458	1,335	-	1,335
Other current assets	vi	966	16	982	976	30	1,006
		16,322	170	16,492	18,254	180	18,434
TOTAL ASSETS		32,762	(385)	32,377	26,488	126	26,614
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,678	-	1,678	837	-	837
Other equity		22,486	477	22,963	19,276	1,144	20,420
Total equity		24,164	477	24,641	20,113	1,144	21,257
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings		18	-	18	23	-	23
Other financial liabilities	i	990	(243)	747	227	-	227
Other non-current liabilities	vii	82	10	92	106	21	127
		1,090	(233)	857	356	21	377
Current liabilities							
Financial liabilities							
Borrowings		400	-	400	-	-	-
Trade payables		1,431	1	1,432	1,378	1	1,379
Other financial liabilities	i, iii	3,304	(636)	2,668	2,034	(39)	1,995
Other current liabilities	vii	827	6	833	579	8	587
Provisions	iii	1,276	-	1,276	1,801	(1,009)	792
Current tax liabilities (Net)		270	-	270	227	-	227
		7,508	(629)	6,879	6,019	(1,039)	4,980
TOTAL EQUITY AND LIABILITIES		32,762	(385)	32,377	26,488	126	26,614

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:-**

Particulars	Note	As at March 31, 2016	As at April 1, 2015
Equity under previous GAAP		24,164	20,113
Proposed dividend and tax thereon	iii	606	1,009
Fair valuation of investments	ii	112	101
Effect of discounting of security deposit and reclassification of land as operating lease	vi	20	16
Discounting of consideration receivable	v	(81)	-
Business combination	i	(198)	(9)
Others		18	27
Equity as per Ind AS		24,641	21,257

(ii) Total comprehensive income reconciliation

Particulars	Note	For the quarter ended March 31, 2016	For the year ended March 31, 2016
Net income under previous GAAP		1,775	6,049
Fair valuation of investments	ii	19	10
Employee benefits	iv	4	27
Effect of discounting of security deposit and reclassification of land as operating lease	vi	-	4
Business combination	i	(62)	(190)
Discounting of consideration receivable	v	(81)	(81)
Others		(2)	(9)
Profit for the period under Ind AS		1,653	5,810
Other comprehensive income	iv	(4)	(27)
Total comprehensive income under Ind AS		1,649	5,783

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

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)

Notes:

i. Business combination:

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

ii. 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 diminution 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.

iii. 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.

iv. Under previous GAAP, actuarial gains and losses were recognised in the statement of 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 the statement of profit and loss.

v. Under Ind AS, the deferred consideration on sale of land is measured at fair value. Under previous GAAP, such consideration is 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.

vi. 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.

vii. 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.

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm's 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 Ramanan

CEO & Managing Director

Jagannathan Chakravarthi

Chief Financial Officer

Vedavalli Sridharan

Company Secretary

Place: Bengaluru

Date: April 20, 2017

Place: Bengaluru

Date: April 20, 2017