

Mindtree Limited
Balance sheet as at June 30, 2020

		Rs in million	
	Note	As at June 30, 2020	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,258	3,400
Capital work in progress		123	136
Right-of-use assets	4	5,462	5,201
Goodwill	5	4,730	4,730
Other intangible assets	5	661	759
Financial assets	6		
Investments	6.1	221	820
Loans	6.2	503	457
Other financial assets	6.3	11	-
Deferred tax assets (Net)	16	1,308	1,835
Other non-current assets	7	1,750	1,693
		18,027	19,031
Current assets			
Financial assets	8		
Investments	8.1	15,182	6,944
Trade receivables	8.2	13,671	14,389
Cash and cash equivalents	8.3	2,792	3,894
Bank balances other than cash and cash equivalents	8.4	480	1,961
Loans	8.5	12	99
Other financial assets	8.6	2,173	2,805
Other current assets	9	2,017	1,981
Non-current assets held for sale	38	-	461
		36,327	32,534
TOTAL ASSETS		54,354	51,565
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	1,646	1,646
Other equity	11	32,971	29,920
		34,617	31,566
Liabilities			
Non-current liabilities			
Financial liabilities	12		
Lease liabilities		5,120	4,964
Other financial liabilities	12.1	943	1,798
		6,063	6,762
Current liabilities			
Financial liabilities	13		
Lease liabilities		890	699
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		25	8
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,529	2,546
Other financial liabilities	13.1	4,903	5,283
Other current liabilities	14	2,102	2,305
Provisions	15	1,403	1,016
Current tax liabilities (Net)		1,822	1,380
		13,674	13,237
TOTAL EQUITY AND LIABILITIES		54,354	51,565

See accompanying notes to the standalone interim financial statements

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

Monisha Parikh
Partner

Place: Bengaluru
Date : July 14, 2020

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

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

Vinit Ajit Teredesai **Vedavalli Sridharan**
Chief Financial Officer Company Secretary
Place: Pune Place: Bengaluru
Date : July 14, 2020

Mindtree Limited
Statement of profit and loss for the quarter ended June 30, 2020

		Rs in million, except per share data	
		For the quarter ended	
	Note	June 30, 2020	June 30, 2019
Revenue from operations	17	19,088	18,342
Other income	18	406	220
Total income		19,494	18,562
Expenses			
Employee benefits expense	19	12,776	12,532
Finance costs	21	131	130
Depreciation and amortization expense	22	597	669
Other expenses	23	3,092	3,969
Total expenses		16,596	17,300
Profit before tax		2,898	1,262
Tax expense:			
Current tax	16	727	354
Deferred tax	16	41	(19)
Profit for the quarter		2,130	927
Other comprehensive income	27		
A (i) Items that will not be reclassified to profit or loss		(14)	(35)
(ii) Income tax relating to items that will not be reclassified to profit or loss		3	8
B (i) Items that will be reclassified to profit or loss		1,391	-
(ii) Income tax relating to items that will be reclassified to profit or loss		(486)	-
Total other comprehensive income/(loss)		894	(27)
Total comprehensive income for the quarter		3,024	900
Earnings per share:	25		
Equity shares of par value Rs 10 each			
(1) Basic (Rs)		12.94	5.64
(2) Diluted (Rs)		12.93	5.64

See accompanying notes to the standalone 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**

Monisha Parikh
Partner

Ramamurthi Shankar Raman
Non-Executive Director
Place: Mumbai

Debashis Chatterjee
CEO & Managing Director
Place: Bengaluru

Place: Bengaluru
Date : July 14, 2020

Vinit Ajit Teredesai
Chief Financial Officer
Place: Pune
Date : July 14, 2020

Vedavalli Sridharan
Company Secretary
Place: Bengaluru

Mindtree Limited
Statement of cash flows for the quarter ended June 30, 2020

	Rs in million	
	For the quarter ended	
	June 30, 2020	June 30, 2019
Cash flow from operating activities		
Profit for the period	2,130	927
<i>Adjustments for :</i>		
Income tax expense	768	335
Depreciation and amortization expense	597	669
Impairment loss recognized on non-current assets held for sale	2	-
Share based payments to employees	27	5
Allowance for expected credit losses	25	30
Finance costs	131	130
Interest income on financial assets at amortised cost	(55)	(51)
Net gain on disposal of property, plant and equipment	(45)	(4)
Net gain on financial assets designated at fair value through profit or loss	(295)	(160)
Unrealised exchange difference on lease liabilities	12	(10)
Unrealised exchange difference on fair value hedges	(306)	25
Unrealised exchange difference on cash flow hedges	41	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(6)	(5)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	693	173
Other assets	671	146
Bank balances other than cash and cash equivalents	1,481	-
Trade payables	-	223
Other liabilities	91	(238)
Provisions	387	166
Net cash provided by operating activities before taxes	6,349	2,361
Income taxes paid, net of refunds	(299)	(449)
Net cash provided by operating activities	6,050	1,912
Cash flow from investing activities		
Purchase of property, plant and equipment	(63)	(552)
Proceeds from sale of property, plant and equipment	58	4
Payment towards initial direct cost of right-of-use assets	(5)	-
Interest income on financial assets at amortised cost	66	23
Proceeds from sale of non-current assets held for sale	459	-
Purchase of investments	(12,413)	(6,872)
Proceeds from sale of investments	5,050	5,634
Net cash (used in) investing activities	(6,848)	(1,763)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	-	3
Proceeds from share application money pending allotment	-	1
Payment of lease liabilities	(174)	(89)
Finance costs (including interest towards lease liabilities - refer note 21)	(131)	(130)
Repayment of long-term borrowings	(5)	(5)
Dividends paid (including distribution tax)	-	(593)
Net cash (used in) financing activities	(310)	(813)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	6	5
Net (decrease) in cash and cash equivalents	(1,102)	(659)
Cash and cash equivalents at the beginning of the period	3,894	2,544
Cash and cash equivalents at the end of the period (refer note 8.3)	2,792	1,885

Mindtree Limited
Statement of cash flows for the quarter ended June 30, 2020

Reconciliation of liabilities from financing activities for the quarter ended June 30, 2020					Rs in million
Particulars	As at March 31, 2020	Proceeds/ impact of Ind AS 116	Repayment	Fair value changes	As at June 30, 2020
Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	509	(174)	12	6,010
Total liabilities from financing activities	5,668	509	(179)	12	6,010

Reconciliation of liabilities from financing activities for the quarter ended June 30, 2019					Rs in million
Particulars	As at March 31, 2019	Proceeds/ impact of Ind AS 116	Repayment	Fair value changes	As at June 30, 2019
Long-term borrowings (including current portion)	10	-	(5)	-	5
Lease liabilities	-	5,800	(89)	(10)	5,701
Total liabilities from financing activities	10	5,800	(94)	(10)	5,706

See accompanying notes to the standalone 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**

Monisha Parikh
Partner

Ramamurthi Shankar Raman
Non-Executive Director
Place: Mumbai

Debashis Chatterjee
CEO & Managing Director
Place: Bengaluru

Place: Bengaluru
Date : July 14, 2020

Vinit Ajit Teredesai
Chief Financial Officer
Place: Pune
Date : July 14, 2020

Vedavalli Sridharan
Company Secretary
Place: Bengaluru

Mindtree Limited
Statement of changes in equity for the quarter ended June 30, 2020

(a) Equity share capital

	Rs in million
Balance as at April 1, 2019	1,642
Add: Shares issued on exercise of stock options and restricted shares	4
Balance as at March 31, 2020	1,646
Balance as at April 1, 2020	1,646
Add: Shares issued on exercise of stock options and restricted shares	-
Balance as at June 30, 2020	1,646

(b) Other equity

Particulars	Share application money pending allotment	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, 2019	-	87	226	1,036	42	133	165	30,264	(416)	-	(119)	31,418
Impact of adoption of Ind AS 116	-	-	-	-	-	-	-	157	-	-	-	157
Profit for the period	-	-	-	-	-	-	-	927	-	-	-	927
Other comprehensive income (net of taxes) (refer note 27)	-	-	-	-	-	-	-	-	-	-	(27)	(27)
Created during the period	-	-	-	278	-	-	-	(278)	-	-	-	-
Utilised during the period	-	-	-	(269)	-	-	-	269	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	-	113	(113)	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 19)	-	-	-	-	-	-	5	-	-	-	-	5
Cash dividends	-	-	-	-	-	-	-	(493)	-	-	-	(493)
Dividend distribution tax	-	-	-	-	-	-	-	(101)	-	-	-	(101)
Share application money received, net of issue of shares	1	-	-	-	-	-	-	-	-	-	-	1
Balance as at June 30, 2019	1	87	226	1,045	42	246	57	30,745	(416)	-	(146)	31,887
Balance as at April 1, 2019	-	87	226	1,036	42	133	165	30,264	(416)	-	(119)	31,418
Impact of adoption of Ind AS 116	-	-	-	-	-	-	-	157	-	-	-	157
Profit for the year	-	-	-	-	-	-	-	6,308	-	-	-	6,308
Other comprehensive income (net of taxes)	-	-	-	-	-	-	-	-	-	(2,035)	(83)	(2,118)
Created during the year	-	-	-	1,022	-	-	-	(1,022)	-	-	-	-
Utilised during the year	-	-	-	(840)	-	-	-	840	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	-	166	(166)	-	-	-	-	-
Compensation cost related to employee share based payment	-	-	-	-	-	-	102	-	-	-	-	102
Cash dividends (refer note 11.1)	-	-	-	-	-	-	-	(4,933)	-	-	-	(4,933)
Dividend distribution tax (refer note 11.1)	-	-	-	-	-	-	-	(1,014)	-	-	-	(1,014)
Balance as at March 31, 2020	-	87	226	1,218	42	299	101	30,600	(416)	(2,035)	(202)	29,920
Balance as at April 1, 2020	-	87	226	1,218	42	299	101	30,600	(416)	(2,035)	(202)	29,920
Impact of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	2,130	-	-	-	2,130
Other comprehensive income (net of taxes) (refer note 27)	-	-	-	-	-	-	-	-	-	905	(11)	894
Created during the period	-	-	-	165	-	-	-	(165)	-	-	-	-
Utilised during the period	-	-	-	(114)	-	-	-	114	-	-	-	-
Transferred to securities premium on allotment against stock options	-	-	-	-	-	-	-	-	-	-	-	-
Compensation cost related to employee share based payment (refer note 19)	-	-	-	-	-	-	27	-	-	-	-	27
Cash dividends (refer note 11.1)	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax (refer note 11.1)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	-	87	226	1,269	42	299	128	32,679	(416)	(1,130)	(213)	32,971

See accompanying notes to the standalone 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

Monisha Parikh

Partner

Ramamurthi Shankar Raman

Non-Executive Director

Place: Mumbai

Debashis Chatterjee

CEO & Managing Director

Place: Bengaluru

Vinit Ajit Teredesai

Chief Financial Officer

Place: Pune

Date : July 14, 2020

Vedavalli Sridharan

Company Secretary

Place: Bengaluru

Place: Bengaluru

Date : July 14, 2020

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') is an international Information Technology consulting and implementation company that delivers business solutions through global software development. The Company is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT) (erstwhile High Technology and Media - Hi-tech) and Travel and Hospitality (TH). The Company 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 33). The standalone interim financial statements were authorized for issuance by the Company's Board of Directors on July 14, 2020.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These standalone 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. The Company has consistently applied accounting policies to all periods.

(b) Basis of measurement

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

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

(c) Use of estimates and judgment

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

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

i) Revenue recognition:

a) The Company 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 Company's two major tax jurisdictions are India and USA, though the Company 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 16.

iii) *Leases:* The Company 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 Company 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 Company's estimate of equity instruments that will eventually vest.

(v) Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

2.2 Summary of significant accounting policies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (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 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.

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) Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

(iv) Financial instruments

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

For the purpose of subsequent measurement, financial instruments of the Company 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 rate 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 bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company'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 Company recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in 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 Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company 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 Company 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.

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

In addition the Company 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 statement of profit and loss.

c) *Derivative financial instruments*

The Company 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 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 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 statement of profit and loss and reported within foreign exchange gains/(losses).

(v) Property, plant and equipment

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

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

Category	Useful life
Buildings	5 - 30 years
Leasehold improvements	5 years
Computers	2 - 4 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Vehicles	4 years
Plant and machinery	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 Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the 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 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.

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

(vi) 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	2-3 years
Business alliance relationships	4 years
Customer relationships	3 - 5 years
Vendor relationships	5 to 10 years
Trade name	10 years
Technology	10 years
Non-compete agreement	5 years

(vii) 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 Company'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.

(viii) Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, 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 Company 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 Company'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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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 Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company 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.

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

(ix) Impairment

a) Financial assets

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

The application of simplified approach does not require the Company 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 Company 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 Company 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 Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default by customers including revisions in the credit period provided to the customers. In making this assessment, the Company has considered current and anticipated future economic conditions relating to industries/business verticals that the company deals with and the countries where it operates. In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

ECL impairment loss allowance (or reversal) is recognised as an income/expense in the statement of profit and loss during the period. 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 Company does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Company 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 Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the statement of profit and loss and reflected in an allowance account. When the Company 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 profit or loss.

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

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

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

(x) Employee benefits

The Company 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 Company'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 Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company has the following employee benefit plans:

a) Social security plans

Employer contributions payable to the social security plan, which is a defined contribution scheme, are charged to the 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 Company 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 Company'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 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 Company 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 Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

(xi) Share based payments

Employees of the Company 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 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 Company'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 statement of profit and loss.

(xii) Provisions

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

(xiii) Revenue

The Company 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 Company 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 Company 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 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 Company 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 Company 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 Company 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 Company accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Company'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'.

(xiv) Warranty provisions

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

(xv) 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 statement of profit and loss, using the effective interest method.

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

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

(xvi) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the 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 Company 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.

(xvii) 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.

(xviii) 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 Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

(xix) Government grants

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

- (i) the Company 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 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 Company 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 the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. A repayment of government grant is accounted for as a change in accounting estimate. Repayment of grant is recognised by reducing the deferred income balance, if any and the rest of the amount is charged to statement of profit and loss.

(xx) Dividend and 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.

(xxi) 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 standalone interim financial statements

For the quarter ended June 30, 2020

(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, 2019	84	3,726	1,563	219	1,131	3,714	787	522	27	11,773
Additions	-	20	93	-	24	215	27	8	-	387
Impact of adoption of Ind AS 116	(51)	-	-	-	-	-	-	-	-	(51)
Disposals / adjustments	-	-	-	-	-	(48)	(5)	-	-	(53)
At June 30, 2019	33	3,746	1,656	219	1,155	3,881	809	530	27	12,056
At April 1, 2019	84	3,726	1,563	219	1,131	3,714	787	522	27	11,773
Additions	-	71	399	-	99	658	53	65	6	1,351
Impact of adoption of Ind AS 116	(51)	-	-	-	-	-	-	-	-	(51)
Transfer to non-current assets held for sale (refer note 38)	-	(543)	-	-	-	-	-	-	-	(543)
Disposals / adjustments	-	(2)	(4)	-	(48)	(359)	(5)	(7)	(24)	(449)
At March 31, 2020	33	3,252	1,958	219	1,182	4,013	835	580	9	12,081
At April 1, 2020	33	3,252	1,958	219	1,182	4,013	835	580	9	12,081
Additions	-	1	1	-	8	94	-	-	-	104
Impact of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Reclassification (refer note 38)	-	(434)	434	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(20)	-	(96)	(6)	(18)	-	-	(140)
At June 30, 2020	33	2,819	2,373	219	1,094	4,101	817	580	9	12,045
Accumulated depreciation										
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	-	67	38	-	29	150	20	19	-	323
Disposals / adjustments	-	-	-	-	-	(48)	(5)	-	-	(53)
At June 30, 2019	-	1,698	1,277	217	924	3,079	705	352	27	8,279
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	-	257	171	1	110	655	71	77	1	1,343
Transfer to non-current assets held for sale (refer note 38)	-	(231)	-	-	-	-	-	-	-	(231)
Disposals / adjustments	-	(2)	-	-	(47)	(359)	(5)	(3)	(24)	(440)
At March 31, 2020	-	1,655	1,410	218	958	3,273	756	407	4	8,681
At April 1, 2020	-	1,655	1,410	218	958	3,273	756	407	4	8,681
Depreciation expense	-	46	48	-	24	85	13	17	-	233
Reclassification (refer note 38)	-	(396)	396	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(16)	-	(87)	(6)	(18)	-	-	(127)
At June 30, 2020	-	1,305	1,838	218	895	3,352	751	424	4	8,787
Net carrying value as at June 30, 2020	33	1,514	535	1	199	749	66	156	5	3,258
Net carrying value as at March 31, 2020	33	1,597	548	1	224	740	79	173	5	3,400
Net carrying value as at June 30, 2019	33	2,048	379	2	231	802	104	178	-	3,777

* During the period, the Company has revised the useful life of computers from 2-3 years to 2-4 years. Had the Company continued with the old useful life of computers, the incremental charge to the depreciation and amortization expense would have been higher by Rs 69.

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

4 Right-of-use assets

Particulars	Land	Buildings	Total
Gross carrying value			
At April 1, 2019	-	-	-
Impact of adoption of Ind AS 116	380	5,989	6,369
Additions	-	-	-
Disposals / adjustments	-	-	-
At June 30, 2019	380	5,989	6,369
At April 1, 2019	-	-	-
Impact of adoption of Ind AS 116	380	5,989	6,369
Additions	-	219	219
Transfer to non-current assets held for sale (refer note 38)	(327)	-	(327)
Disposals / adjustments	-	(131)	(131)
At March 31, 2020	53	6,077	6,130
At April 1, 2020	53	6,077	6,130
Additions	-	514	514
Disposals / adjustments	-	-	-
At June 30, 2020	53	6,591	6,644
Accumulated depreciation			
At April 1, 2019	-	-	-
Impact of adoption of Ind AS 116	138	-	138
Depreciation expense	3	230	233
Disposals / adjustments	-	-	-
At June 30, 2019	141	230	371
At April 1, 2019	-	-	-
Impact of adoption of Ind AS 116	138	-	138
Depreciation expense	9	950	959
Transfer to non-current assets held for sale (refer note 38)	(139)	-	(139)
Disposals / adjustments	-	(29)	(29)
At March 31, 2020	8	921	929
At April 1, 2020	8	921	929
Depreciation expense	-	253	253
Disposals / adjustments	-	-	-
At June 30, 2020	8	1,174	1,182
Net carrying value as at June 30, 2020	45	5,417	5,462
Net carrying value as at March 31, 2020	45	5,156	5,201
Net carrying value as at June 30, 2019	239	5,759	5,998

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

Non-current assets

5 Goodwill and other intangible assets

Particulars	Goodwill	Other intangible assets								Total other intangible assets	
		Intellectual property	Business alliance relationships	Customer relationships	Non compete agreement	Vendor relationships	Tradenname	Technology	Computer software		
Gross carrying value											
At April 1, 2019	4,730	67	72	1,329	56	745	306	262	1,163	4,000	
Additions	-	-	-	-	-	-	-	-	3	3	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At June 30, 2019	4,730	67	72	1,329	56	745	306	262	1,166	4,003	
At April 1, 2019	4,730	67	72	1,329	56	745	306	262	1,163	4,000	
Additions	-	-	-	-	-	-	-	-	31	31	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At March 31, 2020	4,730	67	72	1,329	56	745	306	262	1,194	4,031	
At April 1, 2020	4,730	67	72	1,329	56	745	306	262	1,194	4,031	
Additions	-	-	-	-	-	-	-	-	13	13	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At June 30, 2020	4,730	67	72	1,329	56	745	306	262	1,207	4,044	
Accumulated amortisation											
At April 1, 2019	-	67	72	987	42	332	109	98	1,113	2,820	
Amortisation expense	-	-	-	61	3	24	7	6	12	113	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At June 30, 2019	-	67	72	1,048	45	356	116	104	1,125	2,933	
At April 1, 2019	-	67	72	987	42	332	109	98	1,113	2,820	
Amortisation expense	-	-	-	244	10	95	31	26	46	452	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At March 31, 2020	-	67	72	1,231	52	427	140	124	1,159	3,272	
At April 1, 2020	-	67	72	1,231	52	427	140	124	1,159	3,272	
Amortisation expense	-	-	-	61	2	24	8	6	10	111	
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-	
At June 30, 2020	-	67	72	1,292	54	451	148	130	1,169	3,383	
Net carrying value as at June 30, 2020	4,730	-	-	37	2	294	158	132	38	661	
Net carrying value as at March 31, 2020	4,730	-	-	98	4	318	166	138	35	759	
Net carrying value as at June 30, 2019	4,730	-	-	281	11	389	190	158	41	1,070	
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	0.50	5.50	5.00 - 5.50	5.00	0.10 - 1.87		

The aggregate amount of research and development expense recognized in the statement of profit and loss for the quarter ended June 30, 2020 is Rs 66 (For the quarter ended June 30, 2019 Rs 108).

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(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	
	June 30, 2020	March 31, 2020
Carrying value at the beginning of the period	4,730	4,730
Carrying value at the end of the period	4,730	4,730

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 Company does its impairment evaluation on an annual basis and as of March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Company has performed sensitivity analysis for all key assumptions, including the cash flow projections consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount. The key assumptions used for the calculations were as follows:

Particulars	As at March 31, 2020
Discount rate	13.7% - 20.1%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

The goodwill on acquisition of subsidiaries, which have since merged with the Company, has been allocated as follows:

Particulars	June 30, 2020	March 31, 2020
RCM	2,440	2,440
BFSI	1,179	1,179
CMT	1,037	1,037
TH	74	74
Total	4,730	4,730

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

Non-current assets

6 Financial assets

6.1 Investments

Particulars	As at June 30, 2020		As at March 31, 2020	
	No of units	Amount	No of units	Amount
1) Investments in equity instruments (unquoted)				
Wholly owned subsidiaries				
Mindtree Software (Shanghai) Co., Ltd ('MSSCL')	-	14	-	14
Fully paid equity share of MYR 100,000 each in Bluefin Solutions Sdn Bhd. ('Bluefin Malaysia')	1	2	1	2
Others				
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	-
		<u>17</u>		<u>17</u>
2) 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
		<u>7</u>		<u>7</u>
3) Investments in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of Rs 1,000 each in Tata Capital Financial Services Limited	50,000	53	50,000	52
		<u>53</u>		<u>52</u>
4) Investments in mutual funds (quoted)				
IDFC Mutual Fund	5,000,000	58	10,000,000	115
Invesco Mutual Fund	2,000,000	24	7,063,100	84
Kotak Mutual Fund	5,000,000	62	5,000,000	60
Franklin Templeton Mutual Fund	-	-	15,000,000	178
UTI Mutual Fund	-	-	5,000,000	59
Tata Mutual Fund	-	-	16,008,535	189
ICICI Prudential Mutual Fund	-	-	5,000,000	59
		<u>144</u>		<u>744</u>
Total		<u>221</u>		<u>820</u>
Aggregate amount of quoted investments		197		796
Aggregate market value of quoted investments		197		796
Aggregate amount of unquoted investments		24		24
Aggregate amount of impairment in value of investments		1		1

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

6.2 Loans		As at	As at
Particulars		June 30, 2020	March 31, 2020
<i>(Unsecured, considered good)</i>			
Security deposits		503	457
Total		503	457
6.3 Other financial assets			
Particulars		As at	As at
		June 30, 2020	March 31, 2020
Derivative financial instruments		11	-
Total		11	-
7 Other non-current assets			
Particulars		As at	As at
		June 30, 2020	March 31, 2020
Capital advances		47	48
Advance income-tax including tax deducted at source (net of provision for taxes)		1,630	1,613
Prepaid expenses		8	7
Service tax receivable		11	11
Others		54	14
Total		1,750	1,693

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

Current assets

8 Financial assets

8.1 Investments

Particulars	As at June 30, 2020		As at March 31, 2020	
	No of units	Amount	No of units	Amount
i) Investments in Mutual Funds (quoted)				
Name of the fund	No of units	Amount	No of units	Amount
ICICI Prudential Mutual Fund	14,824,226	861	204,349	60
IDFC Mutual Fund	79,148,675	1,421	60,401,627	1,184
UTI Mutual Fund	5,240,830	619	-	-
Aditya Birla Sun Life Mutual Fund	17,493,470	1,583	1,907,437	265
Nippon India Mutual Fund*	14,633,407	963	7,357,646	179
Axis Mutual Fund	9,090,454	943	266,359	580
Tata Mutual Fund	24,216,319	673	2,979,380	171
SBI Mutual Fund	7,865,406	1,232	7,777,644	895
Sundaram Mutual Fund	9,038,115	312	264,092	280
L&T Mutual Fund	17,066,282	526	-	-
HDFC Mutual Fund	53,957,511	1,371	18,545,875	306
Kotak Mutual Fund	24,648,112	1,546	5,352,549	483
DSP Mutual Fund	33,867,222	976	25,263,086	457
Invesco Mutual Fund	5,277,458	682	148,845	414
Franklin Templeton Mutual Fund	15,000,000	183	20,120	60
Total		13,891		5,334
* Formerly known as Reliance Mutual Fund				
ii) Investment 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 in Housing Development Finance Corporation Limited	-	-	50	54
Secured redeemable non-convertible debentures of Rs 1,001,019 each in Tata Capital Financial Services Limited	-	-	100	112
Secured redeemable non-convertible debentures of Rs 1,012,705 each in Aditya Birla Finance Limited	-	-	100	114
Secured redeemable non-convertible debentures of Rs 1,025,944 each in Kotak Mahindra Prime Limited	-	-	50	53
Secured redeemable non-convertible debentures of Rs 1,118,769 each in HDB Financial Services Limited	50	63	50	62
Secured redeemable non-convertible debentures of Rs 1,000,236 each in Tata Capital Financial Services Limited	50	52	50	51
Secured redeemable non-convertible debentures of Rs 878,419 each in Kotak Mahindra Investments Limited	50	49	50	48
Total		164		544
iii) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		571		569
-Housing Development Finance Corporation Limited		249		245
-LIC Housing Finance Limited		307		252
Total		1,127		1,066
Grand Total		15,182		6,944
Aggregate carrying amount of quoted investments		14,055		5,878
Aggregate market value of quoted investments		14,055		5,878
Aggregate amount of unquoted investments		1,127		1,066

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

8.2 Trade receivables

Particulars	As at June 30, 2020	As at March 31, 2020
<i>(Unsecured)</i>		
Considered good	14,082	14,775
Less: Allowance for expected credit losses	(411)	(386)
Total	13,671	14,389

The Company 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 Company estimates the following matrix at the reporting date.

	Ageing			
	1-90 days	91-180 days	181-360 days	More than 360 days*
Default rate as at June 30, 2020	0.2%	4.3%	21.8%	56%
Default rate as at March 31, 2020	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 period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	386	226	226
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	25	30	160
Provision at the end of the period	411	256	386

8.3 Cash and cash equivalents

Particulars	As at June 30, 2020	As at March 31, 2020
Balances with banks in current accounts and deposit accounts*	2,769	3,871
Other bank balances**	23	23
Cash and cash equivalents as per balance sheet	2,792	3,894
Book overdrafts used for cash management purposes (refer note 13.1)	-	-
Cash and cash equivalents as per statement of cash flows	2,792	3,894

*The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company 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 Bank balances other than cash and cash equivalents

Particulars	As at June 30, 2020	As at March 31, 2020
Margin-money deposit	480	1,961
Total	480	1,961

8.5 Loans

Particulars	As at June 30, 2020	As at March 31, 2020
<i>(Unsecured, considered good)</i>		
Security deposits	12	99
Total	12	99

8.6 Other financial assets

Particulars	As at June 30, 2020	As at March 31, 2020
Advances to employees	160	319
Less: Provision for doubtful advances to employees	(21)	(19)
	139	300
Unbilled revenue*	1,965	2,503
Derivative financial instruments	67	-
Accrued income	2	2
Total	2,173	2,805

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

9 Other current assets

Particulars	As at June 30, 2020	As at March 31, 2020
Advance to suppliers	91	35
Prepaid expenses	713	987
Unbilled revenue*	962	645
Others	251	314
Total	2,017	1,981

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

10 Equity share capital

a) Particulars	As at	As at
	June 30, 2020	March 31, 2020
Authorised		
800,000,000 (March 31, 2020 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,574,066 (March 31, 2020: 164,574,066) equity shares of Rs 10 each fully paid	1,646	1,646
Total	1,646	1,646

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 June 30, 2020		As at March 31, 2020	
	Number of shares	Rs	Number of shares	Rs
Number of shares outstanding at the beginning of the period	164,574,066	1,646	164,214,041	1,642
Add: Shares issued on exercise of stock options and restricted shares	-	-	360,025	4
Number of shares outstanding at the end of the period	164,574,066	1,646	164,574,066	1,646

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

Terms/rights attached to equity shares

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

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

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

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 year are as given below:

Name of the shareholder	As at		As at	
	June 30, 2020		March 31, 2020	
	Number of shares	%	Number of shares	%
Larsen & Toubro Limited*	100,527,734	61.08%	100,527,734	61.08%

*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.

e) In the period of five years immediately preceding June 30, 2020:

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

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

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

f) Employee stock based compensation

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

Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012')

ERSP 2012 was instituted with effect from July 16, 2012 to issue equity shares of nominal value of Rs 10 each. Shares under this program are granted to employees at an exercise price of not less than Rs 10 per equity share or such higher price as determined by the Nomination and Remuneration Committee. Shares shall vest over such term as determined by the Nomination and Remuneration Committee not exceeding ten years from the date of the grant. All shares will have a minimum lock in period of one year from the date of allotment.

Particulars	Quarter ended June 30,			
	2020		2019	
	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	-	-	357,525	10.00
Exercised during the quarter	-	-	241,475	10.00
Lapsed during the quarter	-	-	-	-
Forfeited during the quarter	-	-	-	-
Outstanding shares, end of the quarter	-	-	116,050	10.00
Shares vested and exercisable, end of the quarter	-	-	116,050	10.00

Other Stock based compensation arrangements

The Company has also granted letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the outstanding options/units as at June 30, 2020 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the quarter	240,450
Number of units/shares granted under letter of intent during the quarter	46,000
Vested units/ shares	-
Lapsed units/ shares	-
Forfeited units/ shares	-
Cancelled units/ shares	22,750
Outstanding units/shares as at the end of the quarter	263,700
Contractual life	1-2 years
Date of grant*	July 24, 2019, August 2, 2019, October 24, 2019, January 28, 2020, 12th May 2020
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 quarter ended June 30, 2020 was Rs 720.39 using the Black-Scholes model with the following assumptions:

	As at June 30, 2020
Weighted average grant date share price	720.39
Weighted average exercise price	Rs 10
Dividend yield %	0.44%
Expected life	1-2 year
Risk free interest rate	5.73%
Volatility	36.15%

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

11 Other equity	As at June 30, 2020	As at March 31, 2020
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.	299	299
d) General reserve This represents appropriation of profit by the Company.	226	226
e) Special Economic Zone reinvestment reserve This Special Economic Zone reinvestment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(II) of the Income Tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the section 10AA(2) of the Income Tax Act, 1961.	1,269	1,218
f) Retained earnings Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.	32,679	30,600
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.	128	101
h) Effective portion of Cash Flow Hedges Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve (net of taxes) to the extent that the hedge is effective.	(1,130)	(2,035)
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 Company'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.	(213)	(202)
Total	32,971	29,920

11.1 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2020 was Rs 30.

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

Non-current liabilities

12 Financial liabilities

12.1 Other financial liabilities

Particulars	As at	
	June 30, 2020	March 31, 2020
Derivative financial instruments	865	1,744
Employee benefits payable	75	51
Others (Security deposits for sub-lease)	3	3
Total	943	1,798

Current liabilities

13 Financial liabilities

13.1 Other financial liabilities

Particulars	As at	
	June 30, 2020	March 31, 2020
Current maturities of long-term debt*	-	5
Book overdraft	-	-
Unclaimed dividends	23	23
Employee benefits payable	3,882	3,599
Derivative financial instruments	925	1,623
Capital creditors**	73	33
Total	4,903	5,283

*Current maturities of long-term debt 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 was an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan was 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 was repaid in full during the period.

** Reclassified from trade payables to conform to better presentation.

14 Other current liabilities

Particulars	As at	
	June 30, 2020	March 31, 2020
Unearned income (refer note 14.1)	297	341
Statutory dues (including provident fund and tax deducted at source)	635	804
Advance from customers	163	169
Gratuity payable (net)*	348	282
Liability for discount**	659	708
Others	-	1
Total	2,102	2,305

* Refer note 20 for details of gratuity plan as per Ind AS 19.

** Reclassified from provisions to conform to better presentation.

14.1 Unearned income

Particulars	For the period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	341	667	667
Invoiced during the period	1,325	1,953	6,761
Revenue recognized during the period	(1,369)	(2,043)	(7,087)
Balance at the end of the period	297	577	341

15 Provisions

Particulars	As at	
	June 30, 2020	March 31, 2020
Provision for post contract support services	9	10
Provision for foreseeable losses on contracts	56	62
Provision for compensated absences	1,242	849
Provision for disputed dues*	96	95
Total	1,403	1,016

*Represents disputed tax dues provided pursuant to unfavorable orders received from the tax authorities against which the Company 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 period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	10	9	9
Provisions made during the period	-	-	2
Released during the period	(1)	-	(1)
Provision at the end of the period	9	9	10

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

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 period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	62	18	18
Provisions made during the period	10	1	84
Released during the period	(16)	(14)	(40)
Provision at the end of the period	56	5	62

Provision for disputed dues

Particulars	For the period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	95	90	90
Provisions made during the period	1	1	5
Provision at the end of the period	96	91	95

16 Income tax

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

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Current income tax:		
In respect of the current period	727	354
Deferred tax		
In respect of the current period	41	(19)
Income tax expense reported in the statement of profit and loss	768	335
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	3	8
- Deferred tax arising on income and expense recognised in other comprehensive income		
Effective portion of cash flow hedges	(486)	-
Total	(483)	8

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

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Profit before tax	2,898	1,262
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	1,013	441
Effect of:		
Income exempt from tax	(232)	(124)
Temporary differences reversing during the tax holiday period	12	5
Expenses (net) that are not deductible in determining taxable profit	6	6
Different tax rates of branches/subsidiaries operating in other jurisdictions	6	2
True-up of tax provisions related to previous years	(37)	-
Others	-	5
Income tax expense recognised in the statement of profit and loss	768	335

The tax rates under Indian Income Tax Act, for the quarter ended June 30, 2020 and June 30, 2019 are 34.94%.

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

Deferred tax

Deferred tax assets/(liabilities) as at June 30, 2020 in relation to:

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at June 30, 2020
Property, plant and equipment	513	38	-	-	551
Lease assets net of lease liabilities	98	15	-	-	113
Allowance for expected credit losses	84	10	-	-	94
Provision for compensated absences	288	37	-	-	325
Liability for volume discount	(13)	11	-	-	(2)
Intangible assets	(354)	13	-	-	(341)
Net gain on fair value of mutual funds	(126)	(87)	-	-	(213)
Effective portion of Cash Flow Hedges	1,093	-	(486)	-	607
Others	252	(78)	-	-	174
Total	1,835	(41)	(486)	-	1,308

Deferred tax assets/(liabilities) as at March 31, 2020 in relation to:

Particulars	As at April 1, 2019	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2020
Property, plant and equipment	463	50	-	-	513
Lease assets net of lease liabilities	-	98	-	-	98
Allowance for expected credit losses	48	36	-	-	84
Provision for compensated absences	287	1	-	-	288
Liability for volume discount	(2)	(11)	-	-	(13)
Intangible assets	(398)	44	-	-	(354)
Net gain on fair value of mutual funds	(101)	(25)	-	-	(126)
Effective portion of Cash Flow Hedges	-	-	1,093	-	1,093
Others	91	161	-	-	252
Total	388	354	1,093	-	1,835

Deferred tax assets/(liabilities) as at June 30, 2019 in relation to:

Particulars	As at April 1, 2019	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at June 30, 2019
Property, plant and equipment	463	10	-	-	473
Lease assets net of lease liabilities	-	11	-	-	11
Allowance for expected credit losses	48	2	-	-	50
Provision for compensated absences	287	11	-	-	298
Liability for volume discount	(2)	(2)	-	-	(4)
Intangible assets	(398)	11	-	-	(387)
Net gain on fair value of mutual funds	(101)	(28)	-	-	(129)
Others	91	4	-	-	95
Total	388	19	-	-	407

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

Particulars	As at	
	June 30, 2020	March 31, 2020
Unused tax losses (long term capital loss) which expire in:		
-FY 2019-20	-	34
-FY 2021-22	48	48
-FY 2022-23	28	28
-FY 2023-24	22	22
Unused tax losses of foreign jurisdiction	97	306

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

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

17 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	
	June 30, 2020	June 30, 2019
Fixed-price and Maintenance	67%	55%
Time and materials	33%	45%
Total	100%	100%

Refer note 36 for disaggregation of revenue by industry and geographical segments.

Transaction price allocated to the remaining performance obligations

Particulars	As at	As at
	June 30, 2020	March 31, 2020
Within 1 year	21,891	24,519
1-3 years	9,476	8,332
More than 3 years	1,107	729

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

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

18 Other income

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Net gain on financial assets designated at fair value through profit or loss	295	160
Interest income on financial asset at amortised cost	55	51
Others*	56	9
Total	406	220

* Includes net gain/(loss) on disposal of property, plant and equipment for the quarter ended June 30, 2020 Rs 45 (For the quarter ended June 30, 2019 Rs 4).

19 Employee benefits expense

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Salaries and wages (refer note 26(b))	11,835	11,666
Contribution to provident and other funds*	867	788
Share based payments to employees (refer note 10)	27	5
Staff welfare expenses	47	73
Total	12,776	12,532

*includes contribution to defined contribution plans for the quarter ended June 30, 2020, Rs 807 (For the quarter ended June 30, 2019 Rs 741).

20 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	
	June 30, 2020	June 30, 2019
Gratuity cost		
Service cost	56	43
Net interest on net defined liability/(asset)	4	4
Re-measurement - actuarial (gain)/loss recognised in OCI	14	35
Net gratuity cost	74	82
Assumptions		
Discount rate	5.60%	6.90%
Salary increase	0-6%	5.00%
Withdrawal rate	16.28%	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.

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(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	
	June 30, 2020	March 31, 2020
Change in defined benefit obligations		
Obligations at the beginning of the period	1,071	874
Service cost	56	174
Interest cost	17	59
Benefits settled	(27)	(141)
Actuarial (gain)/loss - experience	(20)	40
Actuarial (gain)/loss – demographic assumptions	(5)	8
Actuarial (gain)/loss – financial assumptions	42	57
Obligations at the end of the period	1,134	1,071
Change in plan assets		
Plan assets at the beginning of the period, at fair value	789	644
Interest income on plan assets	12	51
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	3	(4)
Contributions	8	226
Benefits settled	(26)	(128)
Plan assets at the end of the period, at fair value	786	789

Historical information:

Particulars	As at June 30,	As at March 31,	As at March 31,	As at March 31,	As at March 31,
	2020	2020	2019	2018	2017
Present value of defined benefit obligation	(1,134)	(1,071)	(874)	(705)	(591)
Fair value of plan assets	786	789	644	564	500
Asset/ (liability) recognised	(348)	(282)	(230)	(141)	(91)

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	
	June 30, 2020	March 31, 2020
Experience adjustment on plan liabilities	(20)	40
Experience adjustment on plan assets	(3)	(4)

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 June 30, 2020		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(59)	65	(59)	66
Future salary growth (1% movement)	65	(54)	65	(54)

Maturity profile of defined benefit obligation:

Particulars	As at	
	June 30, 2020	March 31, 2020
Within 1 year	169	146
1-2 years	175	158
2-3 years	187	172
3-4 years	216	199
4-5 years	255	240
5-10 years	1,280	1,273

The Company expects to contribute Rs 169 to its defined benefit plans during the next fiscal year.

As at June 30, 2020 and March 31, 2020, 100% of the plan assets were invested in insurer managed funds.

The Company 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.

21 Finance costs

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Interest expense on lease liabilities	131	130
Total	131	130

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

22 Depreciation and amortization expense

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Depreciation of property, plant and equipment (Refer note 3)	233	323
Depreciation of Right-of-use assets (Refer note 4)	253	233
Amortization of other intangible assets (Refer note 5)	111	113
Total	597	669

23 Other expenses

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Travel expenses	292	867
Communication expenses	157	164
Sub-contractor charges	1,295	1,572
Computer consumables	346	256
Legal and professional charges	62	110
Power and fuel	50	92
Lease rentals*	24	51
Repairs and maintenance		
- Buildings	62	71
- Machinery	6	13
Insurance	27	17
Rates and taxes	124	85
Foreign exchange loss, net	258	-
Other expenses	389	671
Total	3,092	3,969

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

24 Auditor's remuneration

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Payment to Auditor as:		
(a) auditor	5	5
(b) for taxation matters	-	-
(c) for other services (attest services)*	1	1
(d) for reimbursement of expenses	-	1
Total	6	7

* 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 ended June 30, 2020 Rs 3 (for the quarter ended June 30, 2019 Rs Nil).

25 Earnings per share (EPS)

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Profit for the period (A)	2,130	927
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,573,709	164,251,191
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,759,042	164,372,146
Earnings per share:		
Equity shares of par value Rs 10 each		
(1) Basic (Rs) (A/B)	12.94	5.64
(2) Diluted (Rs) (A/C)	12.93	5.64

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			
	June 30, 2020		June 30, 2019	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	164,573,709	164,573,709	164,251,191	164,251,191
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	185,333	-	120,955
Weighted average number of equity shares for calculation of earnings per share	164,573,709	164,759,042	164,251,191	164,372,146

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

26 Government grants

- a) The Company has claimed R&D tax relief under UK corporation tax rules. The Company 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	
	June 30, 2020	June 30, 2019
Grant towards R & D credit	5	5
Total	5	5

The grant recognized in the balance sheet is Rs 50 as at June 30, 2020 (As at March 31, 2020 is Rs 46).

- b) During the quarter, the Company received government grants amounting to Rs 33 from governments of various countries on compliance of several employment-related conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted as a credit to employee benefits expense (refer note 19).

27 Other Comprehensive Income (OCI)

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

During the quarter ended June 30, 2020				
Particulars	Effective portion of Cash Flow Hedges	FCTR	Other items of other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(14)	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	3	3
	-	-	(11)	(11)
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	1,391	-	-	1,391
(ii) Income tax relating to items that will be reclassified to profit or loss	(486)	-	-	(486)
Total	905	-	(11)	894

During the quarter ended June 30, 2019				
Particulars	Effective portion of Cash Flow Hedges	FCTR	Other items of other Comprehensive Income	Total
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gains/ (losses) on defined benefit plans	-	-	(35)	(35)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	8	8
	-	-	(27)	(27)
B (i) Items that will be reclassified to profit or loss				
Effective portion of Cash Flow Hedges	-	-	-	-
Foreign exchange translation differences	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
Total	-	-	(27)	(27)

28 Leases

The Company has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the quarter ended June 30, 2020 amounted to Rs 10 (For the quarter ended June 30, 2019 amounted to Rs 3).

Particulars	As at	
	June 30, 2020	March 31, 2020
Receivable – Not later than one year	36	27
Receivable – Later than one year and not later than five years	45	4

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

29 Financial instruments

The carrying value and fair value of financial instruments by categories as at June 30, 2020 and March 31, 2020 is as follows:

Particulars	Carrying value		Fair value	
	June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020
Financial assets				
Amortised cost				
Loans	515	556	515	556
Trade receivable	13,671	14,389	13,671	14,389
Cash and cash equivalents	2,792	3,894	2,792	3,894
Bank balances other than cash and cash equivalents	480	1,961	480	1,961
Other financial assets	2,106	2,805	2,106	2,805
Investment in term deposit (unquoted)	1,127	1,066	1,127	1,066
Investment in debt securities (quoted)	217	596	217	596
FVTOCI				
Investment in equity instruments (unquoted)	1	1	1	1
Investment in preference shares (unquoted)	7	7	7	7
Derivative financial instruments - cash flow hedge	11	-	11	-
FVTPL				
Investments in mutual fund (quoted)	14,035	6,078	14,035	6,078
Derivative financial instruments - fair value hedge	67	-	67	-
Total assets	35,029	31,353	35,029	31,353
Financial liabilities				
Amortised cost				
Borrowings	-	5	-	5
Lease liabilities	6,010	5,663	6,010	5,663
Trade payables	2,554	2,554	2,554	2,554
Other financial liabilities	4,056	3,709	4,056	3,709
FVTOCI				
Derivative financial instruments - cash flow hedge	1,790	3,128	1,790	3,128
FVTPL				
Derivative financial instruments - fair value hedge	-	239	-	239
Total liabilities	14,410	15,298	14,410	15,298

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 fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

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

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company 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 Company'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 June 30, 2020 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 Company 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 June 30, 2020 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.

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

30 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 June 30, 2020 and March 31, 2020.

Quantitative disclosures of fair value measurement hierarchy for financial assets as at June 30, 2020:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments (Notes 29, 6.3 & 8.6)*	June 30, 2020	78	-	78	-
FVTOCI financial assets designated at fair value (Notes 29 & 6.1):					
Investment in equity instruments (unquoted)	June 30, 2020	1	-	-	1
Investment in preference shares (unquoted)	June 30, 2020	7	-	-	7
FVTPL financial assets designated at fair value (Notes 29, 6.1 & 8.1):					
Investment in mutual funds (quoted)	June 30, 2020	14,035	14,035	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments (Notes 29, 12.1 & 13.1)*:	June 30, 2020	1,790	-	1,790	-

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, 2020:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments (Note 29, 6.3 & 8.6)*	March 31, 2020	-	-	-	-
FVTOCI financial assets designated at fair value (Notes 29 & 6.1):					
Investment in equity instruments (unquoted)	March 31, 2020	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2020	7	-	-	7
FVTPL financial assets designated at fair value (Note 29, 6.1 & 8.1):					
Investment in mutual funds (quoted)	March 31, 2020	6,078	6,078	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments (Notes 29, 12.1 & 13.1)*	March 31, 2020	3,367	-	3,367	-

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

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

Particulars	As at	
	June 30, 2020	March 31, 2020
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.

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

For the quarter ended June 30, 2020

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

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and certain Highly Probable Forecast Exposures (HPFE) denominated in foreign currency. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and HPFE. The Company 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 Company. The Company 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 Company considers the risks of non-performance by the counterparty as non-material. For on balance sheet exposures, the Company monitors the risks on net unhedged exposures. The Company has evaluated the impact of the COVID-19 event on its highly probable transactions and concluded that there was no impact on the probability of occurrence of the hedged transaction. The Company has considered the effect of changes, if any, in both counterparty credit risk and its own credit risk in assessing hedge effectiveness and measuring hedge ineffectiveness.

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

Particulars	As at	
	June 30, 2020	March 31, 2020
Non-designated derivative instruments (Sell): in USD millions	969	1,118

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	As at June 30, 2020		As at March 31, 2020	
	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	392	471	452	527
Average rate	74.70	79.48	73.87	78.35
in INR millions	29,282	37,437	33,387	41,288
Fair Value Hedge				
in USD millions	106	-	138.70	-
Average rate	76.57	-	74.36	-
in INR millions	8,116	-	10,314	-

Refer note 27, 29 and 31

The reconciliation of cash flow hedges

Particulars	For the period ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Balance at the beginning of the period	(2,035)	-	-
Gain/ (loss) recognized in the other comprehensive income during the period	905	-	(3,256)
Amount reclassified to profit and loss during the period	486	-	128
Tax impact on the above	(486)	-	1,093
Balance at the end of the period	(1,130)	-	(2,035)

31 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company'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 Company is foreign exchange risk. The Company 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 Company'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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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 Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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

For the quarter ended June 30, 2020

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

Trade and other receivables

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

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

Particulars	For the quarter ended	
	June 30, 2020	June 30, 2019
Revenue from top customer	5,754	3,676
Revenue from top 5 customers	8,196	6,170

One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2020. Further, one customer accounted for more than 10% of the receivables as at June 30, 2020. One customer accounted for more than 10% of the revenue for the quarter ended June 30, 2019, however none of the customers accounted for more than 10% of the receivables as at June 30, 2019.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company 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 Company has unutilized credit limits with banks.

The Company'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 Company is given below:

Particulars	As at	As at
	June 30, 2020	March 31, 2020
Cash and cash equivalents	2,792	3,894
Bank balances other than cash and cash equivalents	480	1,961
Investments in mutual funds (quoted)	13,891	5,334
Investments in non-convertible bonds/ debentures (quoted)	164	544
Investment in term deposit (unquoted)	1,127	1,066
Total	18,454	12,799

The table below provides details regarding the contractual maturities of significant financial liabilities as at June 30, 2020 and March 31, 2020.

Particulars	As at June 30, 2020		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,388	1,259	5,661
Trade payables	2,554	-	-
Other financial liabilities	3,978	78	-
Derivative financial instruments - cash flow hedge	925	677	188

Particulars	As at March 31, 2020		
	Less than 1 year	1-2 years	2 years and above
Borrowings	5	-	-
Lease liabilities	1,180	1,126	5,720
Trade payables	2,554	-	-
Other financial liabilities	3,655	54	-
Derivative financial instruments - fair value hedge	239	-	-
Derivative financial instruments - cash flow hedge	1,384	1,167	577

Foreign currency risk

The Company'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 Company'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 Company'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 Company has a foreign exchange hedging committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

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

- an approximately Rs 80 increase and Rs 80 decrease in the Company's net profit in respect of its fair value hedges and Rs 652 increase and Rs 652 decrease in the Company's effective portion of cash flow hedges as at June 30, 2020;
- an approximately Rs 38 increase and Rs 38 decrease in the Company's net profit as at June 30, 2019 in respect of its fair value hedges.

Mindtree Limited

Significant accounting policies and notes to the standalone interim financial statements

For the quarter ended June 30, 2020

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

The following table presents foreign currency risk from non-derivative financial instruments as of June 30, 2020 and March 31, 2020.

As at June 30, 2020					Rs in million
Particulars	US \$	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	10,316	1,468	749	650	13,183
Unbilled revenue	1,378	94	208	109	1,789
Cash and cash equivalents	1,177	406	336	239	2,158
Other assets	57	11	23	12	103
Liabilities					
Lease liabilities	2,701	22	212	50	2,985
Trade payables	1,485	62	169	44	1,760
Other liabilities	2,586	111	336	97	3,130
Net assets/liabilities	6,156	1,784	599	819	9,358

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

As at March 31, 2020					Rs in million
Particulars	US \$	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	10,119	1,572	1,258	750	13,699
Unbilled revenue	1,963	110	144	166	2,383
Cash and cash equivalents	2,544	304	279	387	3,514
Other assets	113	26	38	18	195
Liabilities					
Lease liabilities	2,753	24	210	51	3,038
Trade payables	1,535	65	140	37	1,777
Other liabilities	2,222	90	303	96	2,711
Net assets/liabilities	8,229	1,833	1,066	1,137	12,265

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

For the quarter ended June 30, 2020, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.3%/ (0.3)%. For the quarter ended June 30, 2019, the impact on operating margins would be 0.3%/ (0.3)%.

Interest rate risk

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

32 Capital management

The Company'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 Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	As at	As at
	June 30, 2020	March 31, 2020
Total equity attributable to the equity share holders of the Company	34,617	31,566
As percentage of total capital	85%	85%
Total loans and borrowings	-	5
Total lease liabilities	6,010	5,663
Total loans, borrowings and lease liabilities	6,010	5,668
As a percentage of total capital	15%	15%
Total capital (loans, borrowings, lease liabilities and equity)	40,627	37,234

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

33 Related party transaction

Name of related party	Nature of relationship
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary
Bluefin Solutions Limited*	Subsidiary
Bluefin Solutions Inc. #	Subsidiary
Bluefin Solutions Sdn Bhd	Subsidiary
Bluefin Solutions Pte Ltd##	Subsidiary
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 was a member
Larsen & Toubro Limited	Parent Company (Also refer note 10(d))
Larsen & Toubro Infotech Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Investment Management Ltd***	Fellow Subsidiary
Mindtree Limited Employees Gratuity Fund Trust	Gratuity Trust

Dissolved with effect from December 17, 2019.

Dissolved with effect from March 20, 2020.

* Dissolved with effect from April 2, 2019.

** 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	
		June 30, 2020	June 30, 2019
Mindtree Software (Shanghai) Co., Ltd	Software services received	1	2
Mindtree Foundation	Donation paid	3	19
Bridgeweave Limited	Software services rendered	7	9
Mindtree Limited Employees Gratuity Fund Trust	Contribution for Gratuity	8	-
L&T Mutual Fund	Purchase of investments	520	-
NuvePro Technologies Private Limited	Software services received	-	1
Larsen & Toubro Limited	Software services rendered	7	-
	Reimbursement of personnel cost	91	-
Larsen & Toubro Infotech Limited	Software services rendered	12	-
L&T Technology Services Limited	Software services rendered	17	-
	Software services received	2	-

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at	As at
		June 30, 2020	March 31, 2020
Mindtree Software (Shanghai) Co., Ltd	Trade Payables	3	1
Larsen & Toubro Limited	Trade Payables	91	20
L&T Technology Services Limited	Trade Payables	2	-
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	337	272

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	As at
		June 30, 2020	March 31, 2020
Bridgeweave Limited	Trade receivables	-	27
	Unbilled revenue	14	7
Larsen & Toubro Infotech Limited	Trade receivables	20	13
	Unbilled revenue	-	8
Larsen & Toubro Limited	Trade receivables	5	2
	Unbilled revenue	5	1
L&T Technology Services Limited	Unbilled revenue	17	-

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

Mindtree Limited**Significant accounting policies and notes to the standalone interim financial statements****For the quarter ended June 30, 2020****(Rupees in millions, except share and per share data, unless otherwise stated)****Key Managerial Personnel (KMP):**

Anilkumar Manibhai Naik*	Non-Executive Chairman
Debashis Chatterjee*	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyam*	Non-Executive Vice Chairman
Jayant Damodar Patil*	Non-Executive Director
Ramamurthi Shankar Raman*	Non-Executive Director
Prasanna Rangacharya Mysore*	Independent Director
Deepa Gopalan Wadhwa*	Independent Director
Apurva Purohit	Independent Director
Milind Sarwate ¹	Independent Director
Akshaya Bhargava	Independent Director
Bijou Kurien	Independent Director
Senthil Kumar ²	Chief Financial Officer
Vinit Ajit Teredesai ³	Chief Financial Officer
Vedavalli Sridharan	Company Secretary
Krishnakumar Natarajan ⁴	Executive Chairman (KMP till July 17, 2019)
Rostow Ramanan ⁴	CEO and Managing Director (KMP till July 17, 2019)
N.S. Parthasarathy ⁴	Executive Vice Chairman, President and Chief Operating Officer (KMP till July 17, 2019)
Subroto Bagchi ⁵	Non-Executive Director (KMP till July 16, 2019)
Pradip Menon ⁶	Chief Financial Officer (KMP till November 15, 2019)

* KMP subsequent to July 2, 2019, when the Company has become a subsidiary of L&T.

¹Mr. Milind Sarwate, Independent Director resigned from the Board with effect from April 24, 2020.²Mr. Senthil Kumar resigned as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020 and continues as AVP & Finance Controller with effect from June 15, 2020.³Mr. Vinit Ajit Teredesai was appointed as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020.⁴Mr. Krishnakumar Natarajan, Executive Chairman, Mr. N S Parthasarathy, Executive Vice Chairman and Chief Operating Officer and Mr. Rostow Ramanan, CEO and Managing Director of the Company have resigned from the Board on July 17, 2019.⁵Mr. Subroto Bagchi, Non-Executive Director of the Company, retired from the Board on July 16, 2019.⁶Resigned on November 15, 2019.**Transactions with key managerial personnel**

Dividends paid to directors during the quarter ended June 30, 2020 amounts to Rs Nil and for the quarter ended June 30, 2019 amounts to Rs 44. Further, during the quarter ended June 30, 2020, Nil (June 30, 2019: 7,875) shares were allotted to the key managerial personnel.

Compensation of key managerial personnel of the Company

Particulars	For the quarter ended*	
	June 30, 2020	June 30, 2019
Short-term employee benefits	30	60
Share-based payment transactions	6	3
Others	7	5
Total compensation paid to key managerial personnel	43	68

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

Mindtree Limited
Significant accounting policies and notes to the standalone interim financial statements
For the quarter ended June 30, 2020
(Rupees in millions, except share and per share data, unless otherwise stated)

34 Contingent liabilities

Particulars	June 30, 2020	March 31, 2020
Claims against the Company not acknowledged as debts	1,074	1,074

a) 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.

b) The Company has received income tax assessment order under Section 143(3) of the Income-Tax Act 1961 pertaining to erstwhile subsidiary Aztecoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09 wherein demand of Rs 215, Rs 49, Rs 61, Rs 28, Rs 58, Rs 214 and Rs 63 respectively has been raised against the 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 Income Tax Appellate Tribunal (ITAT). The Company has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 556 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, 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 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 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 Company has filed an appeal with Commissioner of Income Tax (Appeals).

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 2005-06 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The Company 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 Company 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 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 had filed an appeal before ITAT. Subsequently, the Company 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 year ended March 31, 2020, the company 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 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.

c) 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. 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 ITAT. 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.

d) 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).

e) 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. 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).

f) During the year ended March 31, 2018, the Company received an order passed under section 7A of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation (EPFO) claiming provident fund contribution aggregating to Rs 250 for dues up to June 2016, and excludes any additional interest that may be determined by the authorities from that date till resolution of the dispute, on (a) full salary paid to International Workers and (b) special allowance paid to employees. Based on a legal advice obtained, the Company 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.

Mindtree Limited**Significant accounting policies and notes to the standalone interim financial statements****For the quarter ended June 30, 2020****(Rupees in millions, except share and per share data, unless otherwise stated)****35 Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2020 is Rs 428 (As at March 31, 2020: Rs 511).

36 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 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, CMT 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.

Statement of income	For the quarter ended	
	June 30, 2020	June 30, 2019
Segment revenue from external customers		
RCM	3,927	4,077
BFSI	3,879	3,953
CMT	9,737	7,226
TH	1,545	3,086
Total	19,088	18,342
Segment operating income (loss)		
RCM	783	575
BFSI	785	190
CMT	2,114	892
TH	(204)	184
Total	3,478	1,841
Depreciation and Amortization expense	(597)	(669)
Profit for the year before finance expenses, other income and tax	2,881	1,172
Finance costs	(131)	(130)
Other income	351	169
Interest income	55	51
Foreign exchange gain/ (loss)	(258)	-
Net profit before taxes	2,898	1,262
Income taxes	(768)	(335)
Net profit after taxes	2,130	927
Other information	For the quarter ended	
	June 30, 2020	June 30, 2019
Other significant non-cash expense (Allocable)		
RCM	5	7
BFSI	(1)	18
CMT	6	(1)
TH	7	(7)

Mindtree Limited**Significant accounting policies and notes to the standalone interim financial statements****For the quarter ended June 30, 2020****(Rupees in millions, except share and per share data, unless otherwise stated)****Geographical information**

Revenues	For the quarter ended	
	June 30, 2020	June 30, 2019
America	15,087	13,508
Europe	2,492	3,268
India	791	752
Rest of the world	718	814
Total	19,088	18,342

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 31 on Financial risk management for information on revenue from major customers.

37 Total of expenditure incurred on Corporate Social Responsibility (CSR) activities during the quarter June 30, 2020 is Rs 66 (during the quarter ended June 30, 2019 is Rs 49).

38 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 previous year, 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. During the period, the Company has completed the sale of the said buildings and termination of lease for the said land for a price equivalent to their written down values. Accordingly, the said buildings and the land have been derecognised. On entering into a regular commercial lease agreement, right-of-use asset and lease liability has been accounted in accordance with Ind AS 116 'Leases'. Accordingly, the improvements made to buildings earlier has been reclassified to "leasehold improvements" (refer note 3 & 4).

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****Monisha Parikh**

Partner

Ramamurthi Shankar Raman

Non-Executive Director

Place: Mumbai

Debashis Chatterjee

CEO & Managing Director

Place: Bengaluru

Place: Bengaluru

Date : July 14, 2020

Vinit Ajit Teredesai

Chief Financial Officer

Place: Pune

Date : July 14, 2020

Vedavalli Sridharan

Company Secretary

Place: Bengaluru