

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ 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 (UK), Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium, France, Ireland, Poland, Mexico, Republic of China, Norway, Finland, Denmark, Spain and New Zealand. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The Company became a subsidiary of Larsen & Toubro Limited (L&T) with effect from July 2, 2019 (Refer note 33). The standalone financial statements were authorized for issuance by the Company's Board of Directors on April 16, 2021.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These standalone 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, investments and derivatives. 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.

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 amortized cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortized cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

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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 amortized cost if both of the following conditions are met:

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

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

Financial assets at amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, 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 amortized cost or as FVTOCI, is classified as FVTPL.

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

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

(b) *Non-derivative financial liabilities*

(i) Financial liabilities at amortized cost

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

(ii) Financial liabilities at FVTPL

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

(c) *Derivative financial instruments*

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

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

(i) Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the 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.

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

(ii) Others: Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the 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 (also refer note 3) 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

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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.

(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 (also refer note 5) are as follows:

Category	Useful life
Intellectual property	5 years
Computer software	2 years
Business alliance relationships	4 years
Customer relationships	3 - 5 years
Vendor relationships	6 years
Tradename	5.25 - 5.75 years
Technology	5.75 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.

(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.

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ECL impairment loss allowance (or reversal) is recognised as an income/expense in the statement of profit and loss during the year. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the 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.

(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.

(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.

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(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.

(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 year. 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 year. 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 year, adjusted for bonus elements in equity shares issued during the year.

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

(xviii) Research and development (R&D) costs

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the 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.

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(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.

The Finance Act 2020 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates.

(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.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its financial statements.



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	-	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	-	22	16	-	18	511	7	1	-	575
Reclassification (refer note 38)	-	(434)	434	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(28)	-	(97)	(120)	(23)	(2)	-	(270)
At March 31, 2021	33	2,840	2,380	219	1,103	4,404	819	579	9	12,386
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	-	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	-	162	183	1	91	379	49	55	2	922
Reclassification (refer note 38)	-	(396)	396	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(25)	-	(88)	(119)	(23)	(1)	-	(256)
At March 31, 2021	-	1,421	1,964	219	961	3,533	782	461	6	9,347
Net carrying value as at March 31, 2021	33	1,419	416	-	142	871	37	118	3	3,039
Net carrying value as at March 31, 2020	33	1,597	548	1	224	740	79	173	5	3,400

*During the year, the Company has revised the useful life of computers from 2-3 years to 2-4 years. Had the Company continued with the erstwhile useful life of computers, the charge to the depreciation and amortization expense would have been higher by ₹ 234 for the year ended March 31, 2021.

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4. Right-of-use assets

Particulars	Non-current		
	Land	Buildings	Total
Gross carrying value			
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	-	932	932
Disposals / adjustments	-	(355)	(355)
At March 31, 2021	53	6,654	6,707
Accumulated depreciation			
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	1	1,080	1,081
Disposals / adjustments	-	(76)	(76)
At March 31, 2021	9	1,925	1,934
Net carrying value as at March 31, 2021	44	4,729	4,773
Net carrying value as at March 31, 2020	45	5,156	5,201



Non-current assets

5. a) 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*	Tranename*	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	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	48	48
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	4,730	67	72	1,329	56	745	306	262	1,242	4,079
Accumulated amortization										
At April 1, 2019	-	67	72	987	42	332	109	98	1,113	2,820
Amortization 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
Amortization expense	-	-	-	98	4	150	166	138	37	593
Disposals / adjustments	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	-	67	72	1,329	56	577	306	262	1,196	3,865
Net carrying value as at March 31, 2021	4,730	-	-	-	-	168	-	-	46	214
Net carrying value as at March 31, 2020	4,730	-	-	98	4	318	166	138	35	759
Estimated useful life (in years)	NA	5	4	3 - 5	5	6	5.25 - 5.75	5.75	2	
Estimated remaining useful life (in years)	NA	-	-	-	-	0.75	-	-	0.13 - 1.89	

The aggregate amount of research and development expense recognised in the statement of profit and loss for the year ended March 31, 2021 is ₹ 338 (For the year ended March 31, 2020 ₹ 373).

*During the year, the Company has revised the useful lives of vendor relationships from 5-10 years to 6 years, tradename from 10 years to 5.25 - 5.75 years and technology from 10 years to 5.75 years. Had the Company continued with the erstwhile useful lives, the charge to depreciation and amortization expense would have been lower by ₹ 334 for the year ended March 31, 2021.

b) Impairment

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

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying value at the beginning of the year	4,730	4,730
Carrying value at the end of the year	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.

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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, 2021, 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, 2021	As at March 31, 2020
Discount rate	14.2% - 18.5%	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	As at March 31, 2021	As at 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

Non-current assets

6. Financial assets

6.1 Investments

Particulars	As at March 31, 2021		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 ₹ 1 each in NuvePro Technologies Private Limited	950,000	1	950,000	1
Equity shares in Worldcast Technologies Private Limited	12,640	-	12,640	-
		17		17
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
		7		7

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of units	Amount	No of units	Amount
3) Investments in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of ₹ 1,000 each in Tata Capital Financial Services Limited	-	-	50,000	52
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in LIC Housing Finance Limited	100	112	-	-
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Tata Capital Limited	100	106	-	-
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Bajaj Finance Limited	100	102	-	-
Unsecured, redeemable, non-convertible, non-cumulative, taxable bonds of ₹ 1,000,000 each in PFC Limited	200	224		
Unsecured, redeemable, non-convertible, taxable bonds of ₹ 1,000,000 each in Rural Electrification Corporation Limited	200	234		
		778		52
4) Investments in mutual funds (quoted)				
IDFC Mutual Fund	5,000,000	61	10,000,000	115
Invesco Mutual Fund	-	-	7,063,100	84
Kotak Mutual Fund	-	-	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
		61		744
5) Investments in perpetual bonds (quoted)				
Perpetual bonds of ₹ 1,000,000 each in HDFC Bank	100	110	-	-
Perpetual bonds of ₹ 1,000,000 each in State Bank of India	200	204	-	-
		314		-
Total		1,177		820
Aggregate amount of quoted investments		1,153		796
Aggregate market value of quoted investments		1,153		796
Aggregate amount of unquoted investments		24		24
Aggregate amount of impairment in value of investments		1		1

6.2 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
<i>(Unsecured, considered good)</i>		
Security deposits	476	457
Total	476	457

6.3 Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative financial instruments	1,225	-
Total	1,225	-

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7. Other non-current assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Capital advances	39	48
Advance income-tax including tax deducted at source (net of provision for taxes)	1,593	1,613
Prepaid expenses	14	7
Service tax receivable	11	11
Others	8	14
Total	1,665	1,693

Current assets

8. Financial assets

8.1 Investments

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of units	Amount	No of units	Amount
1) Investments in Mutual Funds (quoted)				
Name of the fund				
ICICI Prudential Mutual Fund	330,52,370	1,385	204,349	60
IDFC Mutual Fund	985,62,761	1,974	60,401,627	1,184
UTI Mutual Fund	210,34,383	1,091	-	-
Aditya Birla Sun Life Mutual Fund	156,36,634	1,678	1,907,437	265
Nippon India Mutual Fund	487,37,402	1,364	7,357,646	179
Axis Mutual Fund	117,89,741	1,611	266,359	580
Tata Mutual Fund	29,350,910	1,052	2,979,380	171
SBI Mutual Fund	51,468,137	1,659	7,777,644	895
Sundaram Mutual Fund	-	-	264,092	280
HDFC Mutual Fund	22,171,210	1,348	18,545,875	306
Kotak Mutual Fund	17,716,023	1,565	5,352,549	483
DSP Mutual Fund	61,193,885	1,116	25,263,086	457
Invesco Mutual Fund	7,285,776	737	148,845	414
Franklin Templeton Mutual Fund	15,000,000	189	20,120	60
L&T Mutual Fund	9,528,702	206	-	-
Total		16,975		5,334
2) Investment in non-convertible bonds/ debentures (quoted)				
Secured redeemable non-convertible debentures of ₹ 1,000 each in Tata Capital Financial Services Limited	50,000	52	-	-
Secured redeemable market-linked non-convertible debentures of ₹ 1,000,000 each in Tata Capital Financial Services Limited	100	119	-	-
Secured redeemable non-convertible bonds of ₹ 1,000,000 each in the nature of promissory notes in PNB Housing Finance Limited	-	-	50	50
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Housing Development Finance Corporation Limited	-	-	50	54
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Tata Capital Financial Services Limited	-	-	100	112
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Aditya Birla Finance Limited	-	-	100	114
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Kotak Mahindra Prime Limited	-	-	50	53
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in HDB Financial Services Limited	-	-	50	62
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Tata Capital Financial Services Limited	-	-	50	51
Secured redeemable non-convertible debentures of ₹ 1,000,000 each in Kotak Mahindra Investments Limited	-	-	50	48
Total		171		544
3) Investments in term deposit (unquoted)				
Interest bearing deposits with:-				
-Bajaj Finance Limited		818		569
-Housing Development Finance Corporation Limited		141		245
-LIC Housing Finance Limited		862		252
Total		1,821		1,066

Particulars	As at March 31, 2021	As at March 31, 2020
4) Investments in commercial paper (unquoted)		
-Barclays Investments and Loans (India) Private Limited	96	-
-Kotak Mahindra Investment Limited	244	-
	340	-
Grand Total	19,307	6,944
Aggregate carrying amount of quoted investments	17,146	5,878
Aggregate market value of quoted investments	17,146	5,878
Aggregate amount of unquoted investments	2,161	1,066

8.2 Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<i>(Unsecured)</i>		
Considered good	13,190	14,775
Less: Allowance for expected credit losses	(448)	(386)
Total	12,742	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 March 31, 2021	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 year ended	
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	386	226
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	62	160
Balance at the end of the year	448	386

8.3 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts and deposit accounts*	7,550	3,871
Other bank balances**	25	23
Cash and cash equivalents as per balance sheet	7,575	3,894
Book overdrafts used for cash management purposes (refer note 13.1)	-	-
Cash and cash equivalents as per statement of cash flows	7,575	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 March 31, 2021	As at March 31, 2020
Margin-money deposit	-	1,961
Total	-	1,961

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8.5 Loans

Particulars	As at	
	March 31, 2021	March 31, 2020
<i>(Unsecured, considered good)</i>		
Security deposits	41	99
Total	41	99

8.6 Other financial assets

Particulars	As at	
	March 31, 2021	March 31, 2020
Advances to employees	216	319
Less: Provision for doubtful advances to employees	(20)	(19)
	196	300
Unbilled revenue*	1,859	2,503
Derivative financial instruments	868	-
Accrued income	-	2
Total	2,923	2,805

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

9. Other current assets

Particulars	As at	
	March 31, 2021	March 31, 2020
Advance to suppliers	42	35
Prepaid expenses	1,070	987
Unbilled revenue*	1,694	645
Others	338	314
Total	3,144	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).

10. Equity share capital

a) Particulars	As at	
	March 31, 2021	March 31, 2020
Authorised		
800,000,000 (March 31, 2020 : 800,000,000) equity shares of ₹ 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
164,719,766 (March 31, 2020: 164,574,066) equity shares of ₹ 10 each fully paid	1,647	1,646
Total	1,647	1,646

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

Particulars	As at		As at	
	March 31, 2021		March 31, 2020	
	No of shares	₹	No of shares	₹
Number of shares outstanding at the beginning of the year	164,574,066	1,646	164,214,041	1,642
Add: Shares issued on exercise of stock options and restricted shares	145,700	1	360,025	4
Number of shares outstanding at the end of the year	164,719,766	1,647	164,574,066	1,646

c) The Company has only one class of shares referred to as equity shares having a par value of ₹ 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 March 31, 2021		As at March 31, 2020	
	Number of shares	%	Number of shares	%
Larsen & Toubro Limited*	100,527,734	61.03%	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 March 31, 2021:
- 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 ₹ 10 each on a proportionate basis, at a price of ₹ 625 per equity share for an aggregate consideration of ₹ 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 ₹ 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.

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 ₹ 10 each. Shares under this program are granted to employees at an exercise price of not less than ₹ 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	Year ended March 31,			
	2021		2020	
	Number of share options	Weighted average Exercise Price	Number of share options	Weighted average Exercise Price
Outstanding shares, beginning of the year	-	-	-	-
Granted during the year	154,155	10.00	360,025	10.00
Exercised during the year	145,700	10.00	360,025	10.00
Lapsed during the year	3,255	10.00	-	-
Outstanding shares, end of the year	5,200	10.00	-	-
Shares vested and exercisable, end of the year	5,200	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 March 31, 2021 are given below:

Particulars	ERSP 2012 plan**
Outstanding units/shares as at the beginning of the year	240,450
Number of units/shares granted under letter of intent during the year	144,466
Vested units/ shares	154,155
Lapsed units/ shares	5,000
Cancelled units/ shares	33,595
Outstanding units/shares as at the end of the year	192,166
Contractual life	1-2 years
Date of grant*	July 24, 2019, August 2, 2019, October 24, 2019, January 28, 2020, May 12, 2020, June 18, 2020, October 30, 2020, February 8, 2021
Price per share/ unit*	Exercise price of ₹ 10

* Based on Letter of Intent

** Does not include direct allotment of shares

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The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the year ended March 31, 2021 was ₹ 873.36 using the Black-Scholes model with the following assumptions:

Particulars	As at March 31, 2021
Weighted average grant date share price	873.36
Weighted average exercise price	₹ 10
Dividend yield %	0.42%
Expected life	1-2 years
Risk free interest rate	4.31%
Volatility	48.33%

11. Other equity

Particulars	As at March 31, 2021	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.	399	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.	1,482	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.	38,560	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.	98	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.	1,352	(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.	(291)	(202)
Total	41,539	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, 2021 and March 31, 2020 was ₹ 17.5 and ₹ 30 respectively.

The Board of Directors at its meeting held on April 24, 2020 had recommended a final dividend of 100% (₹ 10 per equity share of par value ₹ 10 each) for the financial year ended March 31, 2020 which was approved by the shareholders at the Annual General Meeting held on July 14, 2020. The aforesaid dividend was paid during the year.

The Board of Directors have recommended a final dividend of 175% (₹ 17.5 per equity share of par value ₹ 10 each) for the financial year ended March 31, 2021 which is subject to the approval of shareholders at the Annual General Meeting.

Non-current liabilities

12. Financial liabilities

12.1 Other financial liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Derivative financial instruments	-	1,744
Employee benefits payable	4	51
Others (Security deposits for sub-lease)	2	3
Total	6	1,798

Current liabilities

13. Financial liabilities

13.1 Other financial liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Current maturities of long-term debt*	-	5
Book overdraft	-	-
Unclaimed dividends	25	23
Employee benefits payable	4,673	3,599
Derivative financial instruments	33	1,623
Capital creditors**	61	33
Margin money	386	-
Others	72	-
Total	5,250	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 instalments 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 year.

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

14. Other current liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Unearned income (refer note 14.1)	322	341
Statutory dues (including provident fund and tax deducted at source)	812	804
Advance from customers	732	169
Gratuity payable (net)*	83	282
Liability for discount**	557	708
Others	3	1
Total	2,509	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 year ended	
	March 31, 2021	March 31, 2020
	Balance at the beginning of the year	341
Invoiced during the year	5,151	6,761
Revenue recognized during the year	(5,170)	(7,087)
Balance at the end of the year	322	341

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15. Provisions

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Provision for post contract support services	15	10
Provision for foreseeable losses on contracts	16	62
Provision for compensated absences	1,437	849
Provision for disputed dues**	759	95
Total	2,227	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.

**Also refer note 34(f).

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	As at	As at
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	10	9
Provisions made during the year	7	2
Released during the year	(2)	(1)
Provision at the end of the year	15	10

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	As at	As at
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	62	18
Provisions made during the year	23	84
Released during the year	(69)	(40)
Provision at the end of the year	16	62

Provision for disputed dues

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	95	90
Provisions made during the year (refer note 34(f))	664	5
Provision at the end of the year	759	95

16. Income tax

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

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
<i>Current income tax:</i>		
In respect of the current year	4,214	2,333
<i>Deferred tax</i>		
In respect of the current year	(335)	(354)
Income tax expense reported in the statement of profit and loss	3,879	1,979
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	28	26
- Deferred tax arising on income and expense recognised in other comprehensive income		
Effective portion of cash flow hedges	(1,819)	1,093
Total	(1,791)	1,119

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 year ended	
	March 31, 2021	March 31, 2020
Profit before tax	14,982	8,287
Enacted income tax rate in India	34.94%	34.94%
Computed expected tax expense	5,235	2,895
Effect of:		
Income exempt from tax	(1,771)	(1,055)
Temporary differences reversing during the tax holiday period	(4)	38
Expenses (net) that are not deductible in determining taxable profit	106	62
Different tax rates of branches/subsidiaries operating in other jurisdictions	157	157
True-up of tax provisions related to previous years	155	(119)
Others	1	1
Income tax expense recognised in the statement of profit and loss	3,879	1,979

The tax rates under Indian Income Tax Act, for the year ended March 31, 2021 and March 31, 2020 was 34.94%.

Deferred tax

Deferred tax assets/(liabilities) as at March 31, 2021 in relation to:

Particulars	As at April 1, 2020	Recognised in profit and loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2021
Property, plant and equipment	513	144	-	-	657
Lease assets net of lease liabilities	98	69	-	-	167
Allowance for expected credit losses	84	21	-	-	105
Provision for compensated absences	288	1	-	-	289
Liability for discount	(13)	13	-	-	-
Intangible assets	(354)	306	-	-	(48)
Net gain on fair value of investments	(126)	(196)	-	-	(322)
Effective portion of cash flow hedges	1,093	-	(1,819)	-	(726)
Others	252	(23)	-	-	229
Total	1,835	335	(1,819)	-	351

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 discount	(2)	(11)	-	-	(13)
Intangible assets	(398)	44	-	-	(354)
Net gain on fair value of investments	(101)	(25)	-	-	(126)
Effective portion of cash flow hedges	-	-	1,093	-	1,093
Others	91	161	-	-	252
Total	388	354	1,093	-	1,835

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

Particulars	As at March 31, 2021	As at 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	94	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.

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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, as applicable. 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.

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

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Fixed-price and Maintenance	69%	57%
Time and materials	31%	43%
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
	March 31, 2021	March 31, 2020
Within 1 year	23,149	24,519
1-3 years	17,707	8,332
More than 3 years	3,213	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 year ended	
	March 31, 2021	March 31, 2020
Net gain on financial assets designated at fair value through profit or loss	909	509
Interest income on financial asset at amortized cost	166	189
Foreign exchange gain/ (loss), net	286	-
Others *	156	58
Total	1,517	756

*Includes net gain/(loss) on disposal of property, plant and equipment for the year ended March 31, 2021 ₹ 45 (For the year ended March 31, 2020 ₹ 12). Further, includes net gain/(loss) on termination of right-of-use assets for the year ended March 31, 2021 ₹ 33 (For the year ended March 31, 2020 ₹ 8).

19. Employee benefits expense

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Salaries and wages (refer note 26(b))	46,719	46,962
Contribution to provident and other funds*	4,084	3,205
Share based payments to employees (refer note 10)	99	102
Staff welfare expenses	230	378
Total	51,132	50,647

*Includes contribution to defined contribution plans for the year ended March 31, 2021 ₹ 3,832 (For the year ended March 31, 2020 ₹ 3,023). Also refer note 34(f).

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 year ended	
	March 31, 2021	March 31, 2020
Gratuity cost		
Service cost	234	174
Net interest on net defined liability/(asset)	18	8
Re-measurement - actuarial (gain)/loss recognised in OCI	116	109
Net gratuity cost	368	291
Assumptions		
Discount rate	5.85%	6.30%
Salary increase	0%-7.5%	0%-6%
Withdrawal rate	16.28%	14.54%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Indian Assured Lives Mortality (2012-14) Ult.

The estimates of future salary 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.

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

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Change in defined benefit obligations		
Obligations at the beginning of the year	1,071	874
Service cost	234	174
Interest cost	67	59
Benefits settled	(124)	(141)
Actuarial (gain)/loss – experience	2	40
Actuarial (gain)/loss – demographic assumptions	(23)	8
Actuarial (gain)/loss – financial assumptions	181	57
Obligations at the end of the year	1,408	1,071
Change in plan assets		
Plan assets at the beginning of the year, at fair value	789	644
Interest income on plan assets	50	51
Re-measurement - actuarial gain/(loss)	-	-
Return on plan assets greater/(lesser) than discount rate	44	(4)
Contributions	561	226
Benefits settled	(119)	(128)
Plan assets at the end of the year, at fair value	1,325	789

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Historical information :

Particulars	As at				
	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Present value of defined benefit obligation	(1,408)	(1,071)	(874)	(705)	(591)
Fair value of plan assets	1,325	789	644	564	500
Asset/ (liability) recognised	(83)	(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	As at
	March 31, 2021	March 31, 2020
Experience adjustment on plan liabilities	2	40
Experience adjustment on plan assets	44	(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:

Particulars	As at		As at	
	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(82)	92	(59)	66
Future salary growth (1% movement)	91	(83)	65	(54)

Maturity profile of defined benefit obligation:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Within 1 year	193	146
1-2 years	182	158
2-3 years	180	172
3-4 years	173	199
4-5 years	160	240
5-10 years	588	1,273
More than 10 years	667	-

The Company expects to contribute ₹ 368 to its defined benefit plans during the next fiscal year.

As at March 31, 2021 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 year ended	
	March 31, 2021	March 31, 2020
Interest expense on lease liabilities	503	529
Interest expense - others	1	-
Total	504	529

22. Depreciation and amortization expense

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment (refer note 3)	922	1,343
Depreciation of right-of-use assets (refer note 4)	1,081	959
Amortization of other intangible assets (refer note 5)	593	452
Total	2,596	2,754

23. Other expenses

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Travel expenses	762	3,266
Communication expenses	583	691
Sub-contractor charges	5,730	6,208
Computer consumables	1,514	1,166
Legal and professional charges	523	595
Power and fuel	168	313
Lease rentals*	115	168
Repairs and maintenance		
- Buildings	282	383
- Machinery	43	59
Insurance	105	95
Rates and taxes	534	344
Foreign exchange loss, net	-	83
Other expenses	1,622	2,811
Total	11,981	16,182

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

24. Auditor's remuneration

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Payment to Auditor as:		
(a) auditor	20	20
(b) for taxation matters*	1	1
(c) for other services**###	3	5
(d) for reimbursement of expenses	-	1
Total	24	27

* 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 year ended March 31, 2021 ₹ 5 (for the year ended March 31, 2020 ₹ 4).

* Represents payment towards tax-audit services.

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

25. Earnings per share (EPS)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Profit for the year (A)	11,103	6,308
Weighted average number of equity shares for calculation of basic earnings per share (B)	164,661,734	164,487,369
Weighted average number of equity shares for calculation of diluted earnings per share (C)	164,742,573	164,567,714
Earnings per share:		
Equity shares of par value ₹ 10 each		
(1) Basic (₹) (A/B)	67.43	38.35
(2) Diluted (₹) (A/C)	67.39	38.33

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

Particulars	For the year ended			
	March 31, 2021		March 31, 2020	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	164,661,734	164,661,734	164,487,369	164,487,369
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	80,839	-	80,345
Weighted average number of equity shares for calculation of earnings per share	164,661,734	164,742,573	164,487,369	164,567,714

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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 year ended	
	March 31, 2021	March 31, 2020
Grant towards R & D credit	51	18
Total	51	18

The grant recognized in the balance sheet is ₹ 79 as at March 31, 2021 (As at March 31, 2020 is ₹ 46).

- b) During the year ended March 31, 2021 the Company received government grants amounting to ₹ 69 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). (For the year ended March 31, 2020 ₹ Nil).

27. Other Comprehensive Income (OCI)

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

During the year ended March 31, 2021

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	-	-	(117)	(117)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	28	28
	-	-	(89)	(89)
B (i) Items that will be reclassified to profit or loss Effective portion of Cash Flow Hedges	5,206	-	-	5,206
(ii) Income tax relating to items that will be reclassified to profit or loss	(1,819)	-	-	(1,819)
	3,387	-	-	3,387
Total	3,387	-	(89)	3,298

During the year ended March 31, 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	-	-	(109)	(109)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	26	26
	-	-	(83)	(83)
B (i) Items that will be reclassified to profit or loss Effective portion of Cash Flow Hedges	(3,128)	-	-	(3,128)
(ii) Income tax relating to items that will be reclassified to profit or loss	1,093	-	-	1,093
	(2,035)	-	-	(2,035)
Total	(2,035)	-	(83)	(2,118)

28. Leases

- a) Company as a lessee

Leases not yet commenced to which the Company is committed, amounts to ₹ 839 for a lease term of 10 years.

- b) Company as a lessor

The Company has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the year ended March 31, 2021 amounted to ₹ 39. (For the year ended March 31, 2020 amounted to ₹ 15).

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Receivable – Not later than one year	26	27
Receivable – Later than one year and not later than five years	38	4

29. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets				
Amortised cost				
Loans	517	556	517	556
Trade receivable	12,742	14,389	12,742	14,389
Cash and cash equivalents	7,575	3,894	7,575	3,894
Bank balances other than cash and cash equivalents	-	1,961	-	1,961
Other financial assets	2,055	2,805	2,055	2,805
Investment in term deposit (unquoted)	1,821	1,066	1,821	1,066
Investment in debt securities (quoted)	949	596	949	596
Investment in commercial paper (unquoted)	340	-	340	-
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	2,088	-	2,088	-
FVTPL				
Investments in mutual fund (quoted)	17,036	6,078	17,036	6,078
Investments in perpetual bonds (quoted)	314	-	314	-
Derivative financial instruments - fair value hedge	5	-	5	-
Total assets	45,450	31,353	45,450	31,353
Financial liabilities				
Amortized cost				
Borrowings	-	5	-	5
Lease liabilities	5,377	5,663	5,377	5,663
Trade payables	2,673	2,554	2,673	2,554
Other financial liabilities	5,223	3,709	5,223	3,709
FVTOCI				
Derivative financial instruments - cash flow hedge	2	3,128	2	3,128
FVTPL				
Derivative financial instruments - fair value hedge	31	239	31	239
Total liabilities	13,306	15,298	13,306	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 March 31, 2021 was assessed to be insignificant.

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- 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 and option contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2021 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk, as applicable. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value. Also refer note 31.

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 March 31, 2021 and March 31, 2020.

Quantitative disclosures of fair value measurement hierarchy for financial assets as at March 31, 2021:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments* (Notes 29, 6.3 & 8.6)	March 31, 2021	2,093	-	2,093	-
FVTOCI financial assets designated at fair value (Notes 29 & 6.1):					
Investment in equity instruments (unquoted)	March 31, 2021	1	-	-	1
Investment in preference shares (unquoted)	March 31, 2021	7	-	-	7
FVTPL financial assets designated at fair value (Notes 29, 6.1 & 8.1):					
Investment in mutual funds (quoted)	March 31, 2021	17,036	17,036	-	-
Investment in perpetual bonds (quoted)	March 31, 2021	314	314	-	-
Financial liabilities measured at fair value:					
Derivative financial instruments* (Notes 29, 12.1 & 13.1):	March 31, 2021	33	-	33	-

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

Quantitative disclosures of fair value measurement hierarchy for financial assets as at March 31, 2020:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial instruments* (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 year.

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

Particulars	As at March 31, 2021	As at 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.

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 and option positions both on a standalone basis and in conjunction with its underlying foreign currency related exposures. Hence, the movement in Mark To Market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the Balance Sheet of the Company. The Company monitors the potential risk arising out of the market factors like exchange rates on a regular basis. The counterparty in these derivative instruments is a bank and the 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 forecasted 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 March 31, 2021	As at March 31, 2020
Non-designated derivative instruments: in USD millions	1,146	1,118

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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 March 31, 2021		As at March 31, 2020	
	Not later than 12 months	Later than 12 months	Not later than 12 months	Later than 12 months
Forward contracts				
Non-designated derivative instruments (Sell)				
Cash Flow Hedge				
in USD millions	409	587	452	527
Average rate	77.18	81.94	73.87	78.35
in INR millions	31,565	48,100	33,387	41,288
Fair Value Hedge				
in USD millions	132	-	138.70	-
Average rate	73.30	-	74.36	-
in INR millions	9,675	-	10,314	-
Option contracts (three legged option contracts)				
Non-designated derivative instruments				
Number of contracts	12	6	-	-
Notional amount (in USD millions)	12	6	-	-
Fair value (in INR millions)	24	10	-	-

Refer note 27, 29 and 31

Reconciliation of cash flow hedges

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	(2,035)	-
Gain/ (loss) recognized in the other comprehensive income during the year	4,948	(3,256)
Amount reclassified to profit and loss during the year	258	128
Tax impact on the above	(1,819)	1,093
Balance at the end of the year	1,352	(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.

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 year ended	
	March 31, 2021	March 31, 2020
Revenue from top customer	22,984	17,196
Revenue from top 5 customers	32,193	27,344

One customer accounted for more than 10% of the revenue for the year ended March 31, 2021. Further, one customer accounted for more than 10% of the receivables as at March 31, 2021. One customer accounted for more than 10% of the revenue for the year ended March 31, 2020. Further, one customer accounted for more than 10% of the receivables as at March 31, 2020.

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
	March 31, 2021	March 31, 2020
Cash and cash equivalents	7,575	3,894
Bank balances other than cash and cash equivalents	-	1,961
Investments in mutual funds (quoted)	16,975	5,334
Investments in non-convertible bonds/ debentures (quoted)	171	544
Investment in term deposit (unquoted)	1,821	1,066
Investment in commercial paper (unquoted)	340	-
Total	26,882	12,799

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 and March 31, 2020.

Particulars	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years and above
Lease liabilities	1,320	1,129	4,851
Trade payables	2,673	-	-
Other financial liabilities	5,217	6	-
Derivative financial instruments - fair value hedge	31	-	-
Derivative financial instruments - cash flow hedge	2	-	-

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

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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 and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

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

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

- an approximately ₹ 97 increase and ₹ 97 decrease in the Company's net profit in respect of its fair value hedges and ₹ 741 increase and ₹ 741 decrease in the Company's effective portion of cash flow hedges as at March 31, 2021;
- an approximately ₹ 105 increase and ₹ 105 decrease in the Company's net profit in respect of its fair value hedges and ₹ 741 increase and ₹ 741 decrease in the Company's effective portion of cash flow hedges as at March 31, 2020.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2021 and March 31, 2020.

As at March 31, 2021

₹ in million

Particulars	US\$	Euro	Pound Sterling	Other currencies*	Total
Assets					
Trade receivables	8,991	1,491	930	644	12,056
Unbilled revenue	1,206	296	114	118	1,734
Cash and cash equivalents	6,209	228	278	405	7,120
Other assets	35	13	12	6	66
Liabilities					
Lease liabilities	2,370	15	192	34	2,611
Trade payables	1,273	112	262	64	1,711
Other liabilities	2,676	96	285	75	3,132
Net assets/liabilities	10,122	1,805	595	1,000	13,522

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

As at March 31, 2020

₹ 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 year ended March 31, 2021, 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 year ended March 31, 2020, the impact on operating margins would be 0.2%/ (0.2)%.

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 March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Company	43,186	31,566
As percentage of total capital	89%	85%
Total loans and borrowings	-	5
Total lease liabilities	5,377	5,663
Total loans, borrowings and lease liabilities	5,377	5,668
As a percentage of total capital	11%	15%
Total capital (loans, borrowings, lease liabilities and equity)	48,563	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.

33. Related party transaction

Name of related party	Nature of relationship
Larsen & Toubro Limited	Parent Company (Also refer note 10(d))
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
Larsen & Toubro Infotech Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Investment Management Limited ^{***}	Fellow Subsidiary
L&T Thales Technology Services Private Limited	Fellow Subsidiary
Mindtree Foundation	Entity with common key managerial person
Bridgeweave Limited	Entity with common key managerial person
Music Broadcast Limited	Entity with common key managerial person
NuvePro Technologies Private Limited ^{**}	Entity in which a key managerial person was a member
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 year were:

Name of related party	Nature of transaction	For the year ended	
		March 31, 2021	March 31, 2020
Mindtree Software (Shanghai) Co., Ltd	Software services received	5	7
Mindtree Foundation	Donation paid	17	47
Bridgeweave Limited	Software services rendered	44	38
Mindtree Limited Employees Gratuity Fund Trust	Contribution for Gratuity	561	226
L&T Mutual Fund	Purchase of investments	730	100
	Proceeds from sale of investments	546	100
NuvePro Technologies Private Limited	Software services received	-	1
	Dividend paid	1,759	2,789
	Software services rendered	39	3
Larsen & Toubro Limited	Professional services received	3	-
	Reimbursement of personnel cost	89	-
	Reimbursement of travel and other expenses	3	20
	Guarantee charges	6	-
	Software services rendered	98	21
Larsen & Toubro Infotech Limited	Reimbursement of personnel cost	15	-
	Software services received	10	-
L&T Technology Services Limited	Software services rendered	20	-
	Software services received	9	-
L&T Thales Technology Services Private Limited	Software services rendered	57	-

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2021	March 31, 2020
Mindtree Software (Shanghai) Co., Ltd	Trade Payables	1	1
Larsen & Toubro Limited	Trade Payables	6	20
Larsen & Toubro Infotech Limited	Trade Payables	10	-
L&T Technology Services Limited	Trade Payables	3	-
Mindtree Limited Employees Gratuity Fund Trust	Gratuity contribution payable	76	272

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2021	March 31, 2020
Bridgeweave Limited	Trade receivables	28	26
	Unbilled revenue	15	7
Larsen & Toubro Infotech Limited	Trade receivables	13	13
	Unbilled revenue	5	8
Larsen & Toubro Limited	Trade receivables	8	2
	Unbilled revenue	-	1
L&T Technology Services Limited	Trade receivables	6	-
	Unbilled revenue	1	-
L&T Thales Technology Services Private Limited	Unbilled revenue	13	-

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

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

Name of related party	Nature of balance	As at	As at
		March 31, 2021	March 31, 2020
Larsen & Toubro Limited	Guarantee*	5,147	-

* Performance guarantee given on behalf of the Company.

Key Managerial Personnel (KMP):

Anilkumar Manibhai Naik ⁷	Non-Executive Chairman
Debashis Chatterjee ⁸	CEO and Managing Director
Sekharipuram Narayanan Subrahmanyam ⁹	Non-Executive Vice Chairman
Jayant Damodar Patil ¹⁰	Non-Executive Director
Ramamurthi Shankar Raman ⁸	Non-Executive Director
Prasanna Rangacharya Mysore ⁸	Independent Director
Deepa Gopalan Wadhwa ⁸	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 ¹¹	Company Secretary
Krishnakumar Natarajan ⁴	Executive Chairman (KMP till July 17, 2019)
Rostow Ravanam 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)
Chandrasekaran Ramakrishnan ⁷	Independent Director
Dayapatra Nevatia ⁸	Executive Director and Chief Operating Officer
Venugopal Lambu ⁹	Executive Director and President - Global Markets
Subhodh Shetty ¹¹	Company Secretary

⁷ KMP subsequent to July 2, 2019, when the Company has become a subsidiary of L&T.

¹ Mr. Milind Sarwate, Independent Director resigned from the Board with effect from April 24, 2020.

² Mr. 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.

³ Mr. Vinit Ajit Teredesai was appointed as Chief Financial Officer and Key Managerial Personnel with effect from June 15, 2020.

⁴ Mr. Krishnakumar Natarajan, Executive Chairman, Mr. N S Parthasarathy, Executive Vice Chairman and Chief Operating Officer and Mr. Rostow Ravanam, CEO and Managing Director of the Company have resigned from the Board on July 17, 2019.

⁵ Mr. Subroto Bagchi, Non-Executive Director of the Company, retired from the Board on July 16, 2019.

⁶ Resigned on November 15, 2019.

⁷ The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Chandrasekaran Ramakrishnan as Independent Director with effect from July 15, 2020 for a term of five years upto July 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

⁸ The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Dayapatra Nevatia, Chief Operating Officer as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

⁹ The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Venugopal Lambu, President - Global Markets as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.

¹⁰ Mr. Jayant Damodar Patil, Non-Executive Director has resigned from the Board of Directors of the Company with effect from the close of business hours on October 15, 2020, due to other commitments and the Board of Directors have accepted the same.

¹¹ Ms. Vedavalli Sridharan has resigned as the Company Secretary of the Company and Compliance Officer and her resignation is effective from the close of business hours on October 31, 2020. The Nomination and Remuneration Committee and the Board of Directors have appointed Mr. Subhodh Shetty as Company Secretary and Compliance Officer effective November 01, 2020.

Transactions with key managerial personnel

Dividends paid to directors during the year ended March 31, 2021 amounts to ₹ 0 and for the year ended March 31, 2020 amounts to ₹ 397. Further, during the year ended March 31, 2021, 23,255 (March 31, 2020: 7,875) shares were allotted to the key managerial personnel.

Compensation of key managerial personnel of the Company

Particulars	For the year ended*	
	March 31, 2021	March 31, 2020
Short-term employee benefits	214	146
Share-based payment transactions	35	16
Others	34	21
Total compensation paid to key managerial personnel	283	183

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

34. Contingent liabilities

Particulars	March 31, 2021	March 31, 2020
Claims against the Company not acknowledged as debts	824	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 ₹ 11 and ₹ 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 with Commissioner of Income Tax (Appeals) against the demand received. The Company has not deposited the amount of demand with the department. The department has adjusted pending refunds amounting to ₹ 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 Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2007-08 and 2008-09 wherein demand of ₹ 215, ₹ 49, ₹ 61, ₹ 28, ₹ 58, ₹ 214 and ₹ 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 ₹ 15 with the department against these demands. The department has adjusted pending refunds amounting to ₹ 556 against these demands.

The Company received a favourable order from the Commissioner of Income Tax (Appeals) for the financial year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the 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 ₹ 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 financial year 2004-05 and on the unfavorable grounds, the Company had filed an appeal with ITAT, Bengaluru. ITAT has issued a favourable order in connection with TP proceedings. Order giving effect to the ITAT order is yet to be received.

The Company has received the order from ITAT for the financial year 2005-06 and ITAT has remanded the matter back to the Assessing Officer for re-assessment. The 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 financial year 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 financial year 2008-09 under section 263 from Assessing Officer raising an additional demand of ₹ 61, taking the total demand to ₹ 124. The Company had filed an appeal before ITAT. Subsequently, the Company has received the order from ITAT for the financial year 2008-09 and ITAT has quashed the order of the Assessing Officer. Order giving effect to the ITAT order is yet to be received. During the year ended March 31, 2020, the 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 ₹ 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 ₹ 33. The Company has deposited ₹ 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 ₹ 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 ₹ 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 ₹ 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. The Company has, during the year, in view of the changes in the regulations with the new wage code and social security code, supported by legal advice, re-estimated the probability of any liability arising from this matter and has accordingly recognized a provision of ₹ 659 (March 31, 2020: ₹ Nil), including estimated interest, as on the date of the balance sheet.

35 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2021 is ₹ 431 (As at March 31, 2020: ₹ 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. The geographic regions comprise of North America, Continental Europe, UK and Ireland and Asia Pacific (includes Rest of the World). For prior years, the geographic regions were classified as America comprising of United States of America and Canada, Europe including continental Europe and United Kingdom; Rest of the world comprising of all other geographies except those mentioned above and India. Accordingly, the comparative numbers have been restated to give effect to the change in geographic information.

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.

Standalone Financial Statements

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

Industry Segments:

Statement of income	For the year ended	
	March 31, 2021	March 31, 2020
Segment revenue from external customers		
RCM	17,166	16,439
BFSI	15,632	16,479
CMT	39,835	31,793
TH	7,045	12,932
Total	79,678	77,643
Segment operating income (loss)		
RCM	3,684	2,844
BFSI	3,309	2,000
CMT	8,890	4,754
TH	682	1,299
Total	16,565	10,897
Depreciation and amortization expense	(2,596)	(2,754)
Profit for the year before finance expenses, other income and tax	13,969	8,143
Finance costs	(504)	(529)
Other income	1,065	567
Interest income	166	189
Foreign exchange gain/ (loss)	286	(83)
Net profit before taxes	14,982	8,287
Income taxes	(3,879)	(1,979)
Net profit after taxes	11,103	6,308

Other information	For the year ended	
	March 31, 2021	March 31, 2020
Other significant non-cash expense (Allocable)		
RCM	32	28
BFSI	(11)	32
CMT	11	45
TH	(18)	100

Geographical information

Revenues	For the year ended	
	March 31, 2021	March 31, 2020
North America	61,767	58,025
Continental Europe	5,702	6,590
UK and Ireland	6,164	6,545
Asia Pacific	6,045	6,483
Total	79,678	77,643

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 expenditure incurred on Corporate Social Responsibility (CSR) activities during the year ended March 31, 2021 is ₹ 80 (during the year ended March 31, 2020 is ₹ 343).

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 year, 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).

39. The new Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.
40. Dues to micro, small and medium enterprises

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
The principal amount remaining unpaid to any supplier at the end of each accounting year;	43	8
The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

41. The standalone financial statements are presented in ₹ in million. Those items which are required to be disclosed and which were not presented in the standalone financial statement due to rounding off to the nearest ₹ in million are given as follows:

Particulars	Amount in ₹	
	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment (refer note 11)	52,000	-
Cash on hand (refer note 8.3)	32,432	32,432
12,640 (March 31, 2021: 12,640 and March 31, 2020: 12,640) equity shares in Worldcast Technologies Private Limited (refer note 6.1)	126,400	126,400

Particulars	Amount in ₹	
	For the year ended	
	March 31, 2021	March 31, 2020
Amitav Bagchi - Professional services received	-	450,000
Music Broadcast Limited - Sales and marketing services received	385,280	-
Larsen & Toubro Limited - Purchase of computer	150,526	-
Debashis Chatterjee - Dividend paid	150,000	-

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

Subhodh Shetty
Company Secretary
Place: Mumbai

Place: Bengaluru
Date : April 16, 2021

Date : April 16, 2021