Audited Standalone Financial Statements
for the year ended 31 March 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mphasis Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Mphasis Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   B. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   C. The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   D. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

E. On the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of section 164 (2) of the Act;

F. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

G. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the standalone Ind AS financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: 10 May 2018

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

Re: Mphasis Limited (“the Company”)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/ services of the Company.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. With regard to service tax dues, we also draw reference to note 10 to the financial statements.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

(₹ millions)

Name of the Statute	Nature of Dues	Amount disputed*	Amount paid/ refund adjusted under protest	Bank guarantee provided under protest	Period to which the amount relates (financial year)	Forum where dispute is Pending
Income Tax Act, 1961	Adjustment for transfer pricing and other disallowances	1,221.03	-	-	2013-14	Dispute Resolution Panel
		1,655.81	107.47	-	2012-13	CIT(Appeals)
		354.31	224.79	-	2011-12	CIT(Appeals)
		563.35	563.35	-	2010-11	CIT(Appeals)
		1,134.51	1,033.48	-	2009-10	ITAT
		5,072.86	974.25	-	2008-09	CIT(Appeals)
		268.74	268.74	-	2007-08	ITAT
		575.15	575.15	-	2006-07	ITAT
		324.56	113.76	-	2004-05	ITAT
	Non-deduction of TDS	491.02	20.00	455.19	2014-15	CIT(Appeals)
		1,552.38	90.00	1,365.62	2012-13 to 2013-14	CIT(Appeals)
		5,363.73	407.10	4,841.14	2005-06 to 2011-12	ITAT
		3.37	-	-	1999-00 to 2001-02	Supreme Court
	Disallowances under section 10A	4.61	4.61	-	2005-06	Supreme court
		14.16	14.16	-	2004-05	Karnataka High court
		85.20	-	-	2002-03	Supreme court
		121.43	10.00	-	2001-02	Supreme court
		0.17	-	-	2000-01	Supreme court
		169.19	-	-	2003-04	Supreme court
Finance Act, 1994	Service tax	21.92	7.30	-	2005-2007	CESTAT, Karnataka
		143.67	10.78	-	Dec-10 to Mar-11	CESTAT, Karnataka
		20.80	2.06	-	Oct-11 To Mar-15	Commissioner (Appeals), Karnataka
		109.41	6.67	-	2005-06 to 2008-09	CESTAT, Karnataka
		2.6	0.19	-	Oct-06 to Sep-11	CESTAT, Karnataka
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.06	-	-	2013-14	Deputy Commissioner of Commercial Taxes, Maharashtra
Tennessee Sales and Use Tax Regulations, USA	Non levy of Sales and Use Tax on specified transactions	350.33	-	-	Dec-11 to April-15	Department of Revenue, Tennessee

* excluding penalty and interest from the date of the Order to 31 March 2018.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place of Signature: Bengaluru
Date: 10 May 2018

Annexure 2 to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of Mphasis Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mphasis Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner
Membership Number: 209567

Place: Bengaluru
Date: 10 May 2018

STANDALONE BALANCE SHEET **(₹ millions)**

	Notes	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	529.04	628.54
Capital work-in-progress		18.20	-
Other intangible assets	4	114.89	146.60
Intangible assets under development	5	3.40	2.00
Financial assets			
Investments	6	15,626.75	15,425.72
Trade receivables	7	10.60	31.32
Loans	8	1,120.20	1,094.73
Other financial assets	9	75.25	109.32
Deferred tax assets (Net)	24	829.50	291.44
Income tax assets (Net)	24	3,891.43	3,540.58
Other non-current assets	10	1,502.47	1,962.64
Sub total		**23,721.73**	**23,232.89**
Current assets			
Financial assets			
Investments	11	9,627.36	14,706.52
Trade receivables	7	5,595.21	7,075.76
Cash and cash equivalents	12.a	1,975.87	2,520.52
Bank balances other than cash and cash equivalents	12.b	136.15	-
Loans	8	1,463.24	1,497.88
Other financial assets	9	2,371.08	3,019.42
Other current assets	10	1,768.87	1,698.96
Sub total		**22,937.78**	**30,519.06**
TOTAL ASSETS		**46,659.51**	**53,751.95**

STANDALONE BALANCE SHEET **(₹ millions)**

	Notes	31 March 2018	31 March 2017
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	1,932.67	2,104.24
Other equity			
Securities premium	14	95.18	1,654.10
General reserve	15	742.07	6,576.85
Retained earnings	16	35,308.68	35,455.23
Other reserves	17	995.64	1,162.84
Total equity		**39,074.24**	**46,953.26**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	18	38.15	10.73
Net employee defined benefit liabilities	19	519.29	536.05
Provisions	20	50.00	-
Sub total		**607.44**	**546.78**
Current liabilities			
Financial liabilities			
Borrowings	21	1,299.60	-
Trade payables	22	3,114.41	4,297.74
Other financial liabilities	18	749.27	536.80
Net employee defined benefit liabilities	19	354.94	435.96
Provisions	20	231.03	287.09
Other current liabilities	23	555.94	241.66
Income tax liabilities (Net)	24	672.64	452.66
Sub total		**6,977.83**	**6,251.91**
TOTAL EQUITY AND LIABILITIES		**46,659.51**	**53,751.95**

Summary of significant accounting policies. 2

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership No. 209567

Bengaluru
10 May 2018

For and on behalf of the Board of Directors

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
10 May 2018

STANDALONE STATEMENT OF PROFIT AND LOSS **(₹ millions)**

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	25	32,748.71	30,185.54
Other income	26	1,216.16	1,865.83
Total income (I)		**33,964.87**	**32,051.37**
Expenses			
Purchase of stock-in-trade	27	-	0.24
Changes in inventories of stock-in-trade	27.1	-	40.99
Employee benefits expense	28	13,915.52	13,564.99
Finance costs	29	52.38	24.01
Depreciation and amortization expense	30	317.89	263.78
Other expenses	31	10,243.56	9,845.85
Total expenses (II)		**24,529.35**	**23,739.86**
Profit before exceptional item and tax (III) [(I)-(II)]		**9,435.52**	**8,311.51**
Exceptional item (net of tax) (IV)	32	130.78	47.98
Profit before tax (III)-(IV)		**9,304.74**	**8,263.53**
Tax expenses	24		
Current tax		2,183.56	2,036.31
Deferred tax		(277.73)	(22.88)
Total tax expenses		**1,905.83**	**2,013.43**
Profit for the year before exceptional item		**7,529.69**	**6,298.08**
Profit for the year after exceptional item (A)		**7,398.91**	**6,250.10**
Other comprehensive income ('OCI')			
OCI to be reclassified to profit or loss in subsequent periods			
Net change in fair value of derivatives designated as cash flow hedges		(715.49)	727.76
Income tax effect on the above		246.38	(251.86)
Net OCI to be reclassified to profit or loss in subsequent period (B)		**(469.11)**	**475.90**
OCI not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains / (losses) on defined benefit plans		(38.67)	(33.85)
Income tax effect on the above		13.94	11.72
Net OCI not to be reclassified to profit or loss in subsequent periods (C)		**(24.73)**	**(22.13)**
Total OCI for the year, net of tax (D) [B+C]		**(493.84)**	**453.77**
Total comprehensive income for the year (A+D)		**6,905.07**	**6,703.87**

STANDALONE STATEMENT OF PROFIT AND LOSS **(₹ millions)**

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Earnings per equity share before exceptional item (par value ₹ 10 per share)	33		
Basic (₹)		38.35	29.99
Diluted (₹)		38.29	29.94
Earnings per equity share after exceptional item (par value ₹ 10 per share)	33		
Basic (₹)		37.69	29.76
Diluted (₹)		37.63	29.71

Summary of significant accounting policies. 2

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
10 May 2018

Bengaluru
10 May 2018

STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in millions	₹ millions
As at 1 April 2017	210.42	2,104.24
Issue of share capital	0.21	2.13
Equity shares extinguished on buy back [refer note 13(d)(ii)]	(17.37)	(173.70)
As at 31 March 2018	**193.26**	**1,932.67**
As at 1 April 2016	210.19	2,101.94
Issue of share capital	0.23	2.30
As at 31 March 2017	**210.42**	**2,104.24**

b. Other equity

(₹ millions)

	Attributable to the equity holders of the Company								
	Reserves and surplus							Items of OCI	
	Securities Premium	General reserve	Retained earnings	Capital reserve	Capital redemption reserve	Share based payments	Treasury shares	Hedging reserve	Total
As at 1 April 2017	**1,654.10**	**6,576.85**	**35,455.23**	**265.16**	**-**	**190.47**	**(0.45)**	**707.66**	**44,849.02**
Profit for the year	-	-	7,398.91	-	-	-	-	-	**7,398.91**
Other Comprehensive Income	-	-	(24.73)	-	-	-	-	(469.11)	**(493.84)**
Equity dividend and Dividend Distribution Tax	-	-	(3,951.45)	-	-	-	-	-	**(3,951.45)**
Buy back of equity shares [refer note 13(d)(ii)]	(1,654.10)	(6,576.85)	(2,799.05)	-	173.70	-	-	-	**(10,856.30)**
Buy back expenses	-	-	(30.34)	-	-	-	-	-	**(30.34)**
Transfer to General Reserve	-	739.89	(739.89)	-		-	-	-	-
Effect of share based payments	95.18	2.18	-	-	-	127.76	0.45	-	**225.57**
As at 31 March 2018	**95.18**	**742.07**	**35,308.68**	**265.16**	**173.70**	**318.23**	**-**	**238.55**	**37,141.57**
As at 1 April 2016	**1,572.36**	**5,946.19**	**34,910.97**	**265.16**	**-**	**170.43**	**(158.29)**	**231.76**	**42,938.58**
Profit for the year	-	-	6,250.10	-	-	-	-	-	**6,250.10**
Other Comprehensive Income	-	-	(22.13)	-	-	-	-	475.90	**453.77**
Equity dividend and Dividend Distribution Tax	-	-	(5,058.70)	-	-	-	-	-	**(5,058.70)**
Transfer to General Reserve	-	625.01	(625.01)	-	-	-	-	-	-
Effect of share based payments	81.74	5.65	-	-	-	20.04	157.84	-	**265.27**
As at 31 March 2017	**1,654.10**	**6,576.85**	**35,455.23**	**265.16**	**-**	**190.47**	**(0.45)**	**707.66**	**44,849.02**

Summary of significant accounting policies. (Note 2)
As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership No. 209567

Bengaluru
10 May 2018

For and on behalf of the Board of Directors

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
10 May 2018

STANDALONE STATEMENT OF CASH FLOWS **(₹ millions)**

	Year ended 31 March 2018	Year ended 31 March 2017
Operating activities		
Profit before exceptional item and tax	**9,435.52**	**8,311.51**
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation of Property, Plant and Equipment	244.99	212.70
Amortisation of intangible assets	72.94	51.25
Amortisation of rent equalisation	574.06	487.03
Profit on sale of Property, Plant and Equipment	(7.46)	(27.94)
Net gain on investments carried at fair value through profit and loss (refer note 26)	(752.02)	(1,005.84)
Amortised cost of deposits	(6.20)	(0.94)
Share-based payment expense	89.10	27.73
Provision for bad and doubtful debts	(20.24)	-
Interest expenses (excluding exchange difference considered as adjustment to borrowing cost)	23.40	16.26
Interest income (excluding fair value changes)	(122.70)	(322.00)
Dividend income	-	(135.04)
Receipts on exercise of options	-	49.77
Effect of exchange rate changes (gain) / loss	16.93	9.71
Operating profit before working capital changes	**9,548.32**	**7,674.20**
Working capital changes		
(Increase) / decrease in trade receivables	1,521.51	(1,984.53)
(Increase) / decrease in loans	200.84	196.06
(Increase) / decrease in other financial assets	(0.79)	588.49
(Increase) / decrease in inventories	-	40.99
(Increase) / decrease in other assets	(259.42)	(36.02)
Increase / (decrease) in trade payables	(1,183.33)	662.16
Increase / (decrease) in other financial liabilities	106.35	(791.11)
Increase / (decrease) in provisions and Net employee defined benefit liabilities	(342.51)	(257.36)
Increase / (decrease) in other liabilities	314.28	(105.68)
Total working capital changes	**356.93**	**(1,687.00)**
Income tax paid (net of refunds)	(2,245.22)	(1,969.22)
Net cash flow from operating activities before exceptional item	**7,660.03**	**4,017.98**
Accelerated cost due to change in control	-	(13.95)
Net cash flow from operating activities after exceptional item (A)	**7,660.03**	**4,004.03**
Investing activities		
Purchase of Property, Plant and Equipment	(213.11)	(641.09)
Proceeds from sale of Property, Plant and Equipment	13.48	44.49
Purchase of investments	(42,724.54)	(176,163.68)
Sale of investments	48,354.65	176,432.70
Interest received	113.48	255.73
Dividends received	-	135.04
Re-investment of dividend	-	(99.46)
Investments in bank deposits	(27.00)	(74.93)
Redemption / maturity of bank deposits	-	3,709.97
Net cash flow from investing activities (B)	**5,516.96**	**3,598.77**

STANDALONE STATEMENT OF CASH FLOWS **(₹ millions)**

	Year ended 31 March 2018	Year ended 31 March 2017
Financing activities		
Proceeds from issue of share capital	2.13	2.30
Proceeds of premium from issue of share capital	26.59	0.24
Payment towards buy back of shares	(11,030.00)	-
Buy back expenses paid	(30.34)	-
Repayment of unsecured loans	(2,567.49)	(2,216.47)
Availment of unsecured loans	3,850.16	881.66
Interest paid	(23.40)	(16.26)
Dividends paid (including tax on dividend)	(3,949.29)	(5,054.90)
Net cash flow used in financing activities (C)	**(13,721.64)**	**(6,403.43)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(544.65)**	**1,199.37**
Cash and cash equivalents at the beginning of the year	2,520.52	1,321.15
Cash and cash equivalents at the end of the year [refer note 12(a)]	**1,975.87**	**2,520.52**

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
10 May 2018

Bengaluru
10 May 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mphasis Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is in Bengaluru, India.

Mphasis Limited, a global, multicultural organisation headquartered in Bengaluru, India, specialises in providing a suite of application development and maintenance services, infrastructure outsourcing services and business & knowledge process outsourcing solutions to clients around the world.

The standalone financial statements for the year ended 31 March 2018 are approved by the Board of Directors on 10 May 2018.

The standalone financial statements comprise the financial statements of the Company and its controlled employee benefit trusts.

Mphasis Limited is the sponsoring entity of Employee Stock Option Plan ('ESOP') trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trusts are designed to be controlled by the Company as an extension arm of the Company.

List of Trusts that are consolidated

- Mphasis Employee Benefit Trust.
- Mphasis Employees Equity Reward Trust.

Abbreviations

Indian Accounting Standards - **('Ind AS')**	Fair Value through Profit and Loss - **('FVTPL')**
Employee Stock Option Plan - **('ESOP')**	Fair Value Through Other Comprehensive Income **- ('FVTOCI')**
'Restricted Stock Units – **('RSU')**	Dividend Distribution Tax **('DDT')**
Other Comprehensive Income **- ('OCI')**	Capital Redemption Reserve ('**CRR'**)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on the historical cost basis, except for following assets and liabilities which have been measured at fair values.

- Derivative financial instruments
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of assets and liabilities designated as hedged items are recognized at fair value.

The standalone financial statements are presented in INR ('₹') and all the values are rounded off to the nearest million (INR 000,000) except when otherwise indicated.

Business Combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Business combinations arising from transfers of interests in entities that are under the common control are accounted using pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Use of estimates, assumptions and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

- **Revenue recognition**

  The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

- **Impairment of non-financial assets**

  Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecast for future years. These do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognized by the Company.

- **Share-based payments**

  Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 17.

- **Taxes**

  The Company's major tax jurisdictions is in India. Significant judgments are involved in determining the provision for income taxes and tax credits, including the amount expected to be paid or refunded. (refer note 24).

  Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Defined benefit plans**

  The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (refer note 41)

  The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

  The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

- **Fair value measurement of financial instruments**

  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Intangible assets under development**

  The Company capitalizes intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed. This is done when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation, discount rates to be applied and the expected tenure of benefits.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment.

Sales tax/Value Added Tax (VAT) / Service Tax / Goods and Service Tax ("GST") is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity/service rendered by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Company derives its revenues primarily from software services & projects, call centre and business & knowledge process outsourcing operations, infrastructure outsourcing services, licensing arrangement, application services and trading of goods.

Revenues from software services & projects comprise income from time-and-material and fixed price contracts. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

Revenues from call centre and business & knowledge process outsourcing operations arise from both time-based and unit-priced client contracts. Such revenue is recognized when the services are rendered in accordance with the terms of the contracts with clients.

Revenues from infrastructure outsourcing services arise from time based, unit-priced and fixed price contracts. Revenue from time based and unit-priced is recognized when the services are rendered in accordance with the terms of the contracts with clients. Revenue from fixed price contracts is recognized using the percentage-of-completion method, calculated as the proportion of the cost of effort incurred up to the reporting date to estimated cost of total effort.

License fee revenues are recognised when the general revenue recognition criteria is met. Revenue from bundled contracts is allocated separately for each element based on their fair values. Maintenance revenue is recognized rateably over the period of underlying maintenance agreements.

Revenue from sale of services is shown as net of applicable discounts and pricing incentives to customer.

Revenues from sale of goods is recognized on transfer of significant risks and rewards where it is probable that economic benefits will flow to the Company and there is neither continuing managerial involvement nor effective control over the goods sold.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered, the cost incurred and cost to complete the transaction can be measured reliably and collectability of the resulting receivables is probable.

Provisions for estimated losses on incomplete contracts are recorded in the year in which such losses become probable based on the current contract estimates.

Unbilled revenue represents revenues in excess of amounts billed to clients as at the balance sheet date. Unearned revenue represent billings in excess of revenues recognized.

Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.

Dividend income is recognized when the right to receive the dividend is established.

Property, Plant and Equipment and Intangible assets

Property, plant and equipment are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. Property, plant and equipment purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Intangible assets purchased or acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any. The amortization period and the amortization method are reviewed at least at each financial year end. Internally developed intangible assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of Property, plant and equipment and are recognized in the statement of profit and loss when the Property, plant and equipment is derecognized.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

Depreciation and amortisation

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. Intangible assets are amortised on a straight-line basis over the estimated useful economic life. The useful lives estimated by the management are given below:

(In years)

Asset	Useful life as per Companies Act, 2013	Useful life estimated by the management
Computer equipment	3	3
Furniture and fixtures	10	5
Lease hold improvements	Not Applicable	10 or remaining primary lease term whichever is less
Office equipment	5	5
Plant and equipment	15	7
Server and networks	6	6
Purchased / Internally developed software for self-consumption	As per Ind AS 38	3 to 7
Internally developed software for sale	As per Ind AS 38	3 to 7
Vehicles	8	5

In respect of plant and equipment, furniture and fixtures and vehicles, the management basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised in the statement of profit and loss on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is because of inflation.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Impairment

Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event. As per the policy, The Company provides for impairment of trade receivables (other than intercompany receivables) outstanding more than 180 days from the date they are due for payment.

Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Trade receivables which are subject to factoring arrangements are derecognized in accordance with Ind AS 109.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through statement of profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss.

Derivatives not designated as hedges are recognized initially at fair value. Attributable transaction costs are recognized in the statement of profit and loss as and when incurred. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

Cash flow hedge accounting

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to the statement of profit and loss.

De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Retirement and other employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

The Company has established a Provident Fund Trust to which contributions towards provident fund are made each month. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. This being a defined benefit plan, the Company accounts for it, based on actuarial valuation, as per Projected Unit Credit Method, as at the date of Balance Sheet.

Share based payments

The Company measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102 Share-Based Payment. Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Foreign currencies

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the statement of profit and loss.

The Company's financial statements are presented in INR. The Company determines the functional currency as INR on the basis of primary economic environment in which the entity operates.

Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax 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 that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach. Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, 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 profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

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 balance sheet date.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

Inventories

Inventory comprises of traded goods and is measured at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

Treasury shares

The Company has formed an Employee Benefit Trust ('EBT') for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are adjusted against treasury shares.

Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. 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.

Government Grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle.
- It is held primarily for purpose of trading.
- It is expected to be realised within twelve months after the reporting period.
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to settle in the normal operating cycle.
- It is due to be settled within twelve months after the reporting date.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

3. PROPERTY, PLANT AND EQUIPMENT

(₹ millions)

	Plant and equipment	Computer equipment	Servers and Networks	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost								
At 1 April 2016	**59.23**	**215.18**	**202.08**	**41.46**	**22.19**	**67.77**	**41.26**	**649.17**
Additions	23.22	277.43	99.23	23.53	10.16	28.08	31.17	**492.82**
Disposals	(0.49)	(122.50)	(3.47)	(0.87)	(2.51)	(13.88)	-	**(143.72)**
At 31 March 2017	**81.96**	**370.11**	**297.84**	**64.12**	**29.84**	**81.97**	**72.43**	**998.27**
Additions	11.40	85.14	41.30	7.80	4.31	(0.06)	0.17	**150.06**
Disposals	(2.08)	(4.04)	(43.64)	(0.11)	(0.16)	(15.22)	-	**(65.25)**
At 31 March 2018	**91.28**	**451.21**	**295.50**	**71.81**	**33.99**	**66.69**	**72.60**	**1,083.08**
Depreciation								
At 1 April 2016	**11.89**	**64.85**	**69.46**	**9.67**	**8.78**	**17.04**	**33.25**	**214.94**
Charge for the year*	15.06	97.76	44.19	13.62	8.52	18.38	15.17	**212.70**
Disposals	(0.21)	(45.95)	(1.05)	(0.88)	(2.49)	(7.33)	-	**(57.91)**
At 31 March 2017	**26.74**	**116.66**	**112.60**	**22.41**	**14.81**	**28.09**	**48.42**	**369.73**
Charge for the year*	16.99	132.98	48.40	13.40	5.46	16.78	10.98	**244.99**
Disposals	(2.00)	(4.02)	(42.80)	(0.09)	(0.10)	(11.67)	-	**(60.68)**
At 31 March 2018	**41.73**	**245.62**	**118.20**	**35.72**	**20.17**	**33.20**	**59.40**	**554.04**
Net block								
At 31 March 2017	**55.22**	**253.45**	**185.24**	**41.71**	**15.03**	**53.88**	**24.01**	**628.54**
At 31 March 2018	**49.55**	**205.59**	**177.30**	**36.09**	**13.82**	**33.49**	**13.20**	**529.04**

* Depreciation amounting to ₹ 0.04 millions (31 March 2017: ₹ 0.17 millions) has been adjusted against provision created for loss on long term contract, sale / exit of domestic BPO business.

4. OTHER INTANGIBLE ASSETS

	31 March 2018	31 March 2017
Software		
Cost		
Opening balance	**258.61**	**121.27**
Additions	42.68	137.34
Disposals	(6.50)	-
Closing balance	**294.79**	**258.61**
Amortization		
Opening balance	**112.01**	**60.76**
Amortization	72.94	51.25
Disposals	(5.05)	-
Closing balance	**179.90**	**112.01**
Net block	**114.89**	**146.60**

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2018	31 March 2017
Cost		
Opening balance	2.00	10.91
Additions	21.49	9.21
Capitalization	(20.09)	(18.12)
Closing balance	**3.40**	**2.00**

As at 31 March 2018, Intangible assets under development has a balance of ₹ 3.40 millions (31 March 2017: ₹ 2.00 millions) which is towards software being developed for internal use.

	31 March 2018			31 March 2017		
	Shares	**Per share**	**₹ millions**	**Shares**	**Per share**	**₹ millions**
6. NON-CURRENT INVESTMENTS						
Investments carried at cost						
Investment in subsidiaries						
Mphasis Corporation	3,187	US $ 0.01	3,724.39	3,187	US $ 0.01	3,724.43
Mphasis Australia Pty Limited	2,000	AUD 1	0.05	2,000	AUD 1	0.05
Mphasis Deutschland GmbH (Nominal capital of 91,000 Deutch Mark)	-	-	2.52	-	-	2.52
Less: Provision for impairment in value of investment			(2.52)			(2.52)
Mphasis (Shanghai) Software & Services Company Limited (100% equity interest)	-	-	105.35	-	-	105.35
Mphasis Consulting Limited	7,953,393	£ 0.002	685.65	7,953,393	£ 0.002	685.65
Mphasis Ireland Limited	10,000	€ 1	0.59	10,000	€ 1	0.59
Mphasis Belgium BVBA	62	€ 100	0.39	62	€ 100	0.39
Mphasis Lanka Private Limited	1,095,584	LKR112.10	55.78	1,095,584	LKR 112.10	55.78
Less: Provision for impairment in value of investment			(55.78)			(55.78)
PT Mphasis Indonesia	99,000	US $ 1	4.38	99,000	US $ 1	4.38
Mphasis Poland s.p.z.o.o.	200	PLN 500	2.07	200	PLN 500	2.07
In fellow subsidiaries						
Mphasis Europe BV	3,381,654	€ 1	9,647.64	3,381,654	€ 1	9,647.64
Investment in subsidiaries (A)			**14,170.51**			**14,170.55**
	Units	**NAV (₹)**	**₹ millions**	**Units**	**NAV (₹)**	**₹ millions**
Investments carried at amortized cost						
Unquoted bonds						
7.11% Power Finance Corporation Ltd.	25,670	1,000	25.67	25670	1,000	25.67
7.21% Power Finance Corporation Ltd.	100	1,000,000	100.00	100	1,000,000	100.00
7.19% India Infrastructure Finance Company Limited	929,500	1,000	929.50	929500	1,000	929.50
7.21% India Infrastructure Finance Company Limited	100	1,000,000	100.00	100	1,000,000	100.00
8.10% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
7.34% Housing and Urban Development Corporation	50,000	1,000	50.00	50,000	1,000	50.00
Investments carried at FVTPL						
Quoted mutual funds						
Aditya Birla Sun Life FTP – Series PH Direct Growth	20,000,000	10.0534	201.07	-	-	-
Investments other than subsidaries (B)			**1,456.24**			**1,255.17**
Total Non current investments (A+B)			**15,626.75**			**15,425.72**
Aggregate value of unquoted non-current investments in subsidiaries			14,170.51			14,170.55
Aggregate value of unquoted non-current investments			1,255.17			1,255.17
Aggregate net asset value of mutual fund investment			201.07			-
Aggregate amount of impairment in value of investments			(58.30)			(58.30)

(₹ millions)

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
7. TRADE RECEIVABLES				
Carried at amortized cost				
Trade receivables	10.60	31.32	3,303.12	2,466.61
Receivables from related parties	-	-	2,292.09	4,609.15
Total trade receivables	**10.60**	**31.32**	**5,595.21**	**7,075.76**
Unsecured				
Considered good	10.60	31.32	5,595.21	7,075.76
Considered doubtful	365.29	472.16	-	-
Less: Provision for doubtful receivables	(365.29)	(472.16)	-	-
	10.60	**31.32**	**5,595.21**	**7,075.76**

(₹ millions)

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
8. LOANS				
Unsecured - considered good				
Carried at amortized cost				
Deposits				
-Premises	123.31	158.01	484.87	368.35
-With government authorities	-	-	26.42	29.90
-Others	996.89	932.35	75.32	71.70
Employee advances	-	4.37	32.66	20.78
Recoverable from subsidiaries	-	-	843.97	1,007.15
	1,120.20	**1,094.73**	**1,463.24**	**1,497.88**

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
9. OTHER FINANCIAL ASSETS				
Unsecured - considered good				
Carried at amortized cost				
Unbilled revenue	-	-	1,891.48	1,724.74
Non-current bank balances (refer note 12.b)	0.17	109.32	-	-
Accrued interest	-	-	44.40	35.18
Expense incurred on behalf of customers	-	-	9.40	8.10
Derivative instruments at FVTPL (not designated as hedges)				
Foreign exchange forward contracts	-	-	1.71	168.94
Derivative instruments at FVTOCI (cash flow hedges)				
Foreign exchange forward contracts	75.08	-	424.09	1,082.46
	75.25	**109.32**	**2,371.08**	**3,019.42**

	Non Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
10. OTHER ASSETS				
Unsecured - considered good				
Rent equalisation	25.10	395.46	354.09	557.79
Capital advances	375.97	376.04	-	-
Prepaid expenses	47.58	109.27	480.28	486.82
Advance to supplier / others	-	-	600.12	484.25
Indirect tax recoverable *	1,053.82	1,081.87	334.38	170.10
	1,502.47	**1,962.64**	**1,768.87**	**1,698.96**

* Indirect tax recoverable includes GST / Service Tax receivables and Service Tax refunds due net of provisions amounting to ₹ 1,390.67 millions (31 March 2017: ₹ 1,223.09 millions). Effective 1 April 2011, the Company has obtained legal opinion in support of its position on non-applicability of service tax under 'Import of Services Rules' on onsite services provided by foreign vendors (including group companies) till June 2017. The management, per the legal opinion, is confident that the legal positions taken by the Company are tenable and defendable under law.

	31 March 2018			31 March 2017		
	Units	NAV (₹)	₹ millions	Units	NAV (₹)	₹ millions
11. CURRENT INVESTMENTS						
Investments carried at FVTPL						
Quoted mutual funds						
Birla Sun life Cash Plus - Growth -Direct Plan	5,233,773	279.3146	1,461.87	3,619,254	261.3091	945.74
L&T Liquid Fund Direct Plan Growth	142,820	2,382.8749	340.32	158,866	2,230.0391	354.28
Reliance Liquid Fund - Treasury Plan Direct growth	323,614	4,239.9424	1,372.10	310,580	3,967.3575	1,232.18
Kotak Floater Short Term - Direct Plan Growth	302,787	2,851.9553	863.53	460,150	2,669.3784	1,228.31
DSP BlackRock FMP Series 222	25,000,000	10.0771	251.93	-	-	-
0 % Nabard 2020	1,700	16,671.70	28.34	-	-	-
0 % REC 2020	1,830	24,795.60	45.38	-	-	-
Reliance Fixed Horizon Fund XXXVI	25,000,000	10.0811	252.03	-	-	-
Kotak Equity Arbitrage Fund	41,470,753	25.5148	1,058.12	-	-	-
Kotak FMP Series 218 Direct	25,000,000	10.0747	251.87	-	-	-
IDFC Super Saver Income Fund-Short term plan growth	-	-	-	29,635,077	34.3185	1,017.03
ICICI Prudential Liquid - Direct Plan - Growth	-	-	-	3,966,098	240.7173	954.71
ICICI Ultra Short Term Plan Direct Growth	-	-	-	91,180,422	17.1124	1,560.32
L&T Liquid Ultra short term Fund - Growth	-	-	-	55,507,551	26.9023	1,493.28
L&T Short Term opportunites Fund- Growth	-	-	-	79,565,712	15.9366	1,268.01
Axis Treasury Advantage Fund - Direct Plan - Growth	-	-	-	565,936	1,846.1020	1,044.78
IDFC Money Manager Fund-Invest Plan-Direct-Growth	-	-	-	43,032,506	25.7452	1,107.88
Quoted Debentures						
Citicorp Finance (India) Ltd.	36,000	102,829.72	3,701.87	25,000	100,000.00	2,500.00
			9,627.36			**14,706.52**
Aggregate value of quoted current investments			**3,701.87**			**2,500.00**
Aggregate net asset value of mutual fund investment			**5,925.49**			**12,206.52**

(₹ millions)

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
12. CASH AND CASH EQUIVALENTS				
a. Balances with banks:				
On current accounts	-	-	1,867.03	573.63
Deposits with original maturity less than 3 months		-	95.17	1,935.38
Unclaimed dividend	-	-	13.67	11.51
	-	**-**	**1,975.87**	**2,520.52**
b. Bank balances other than cash and cash equivalents*				
Deposits with remaining maturity for more than 12 months	0.17	109.32	-	-
Deposits with remaining maturity for less than 12 months	-	-	136.15	-
	0.17	**109.32**	**136.15**	**-**
Disclosed under other non-current financial assets (refer note 9)	(0.17)	(109.32)	-	-
	-	**-**	**136.15**	**-**
	-	**-**	**2,112.02**	**2,520.52**

* includes restricted deposits of ₹ 109.32 millions as at 31 March 2018 (31 March 2017: ₹ 109.32 millions).

	31 March 2018	**31 March 2017**
13. EQUITY SHARE CAPITAL		
Authorised share capital		
245,000,000 (31 March 2017: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
Issued, subscribed and fully paid-up shares		
193,260,182 (31 March 2017: 210,417,080) equity shares of ₹ 10 each fully paid-up	1,932.60	2,104.17
Add: Amount originally paid-up on forfeited shares	0.07	0.07
Total issued, subscribed and fully paid-up share capital	**1,932.67**	**2,104.24**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2018		31 March 2017	
	Number	**₹ millions**	**Number**	**₹ millions**
At the beginning of the year	210,417,080	2,104.17	210,187,117	2,101.87
Employee stock option plans issued	213,180	2.13	229,963	2.30
Buy back of shares	(17,370,078)	(173.70)	-	-
Outstanding at the end of the year	**193,260,182**	**1,932.60**	**210,417,080**	**2,104.17**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates **(₹ millions)**

	31 March 2018	**31 March 2017**
Marble II Pte Limited (subsidiary of the ultimate holding company) *	1,166.92	1,271.08
116,691,668 (31 March 2017 127,108,444) equity share of ₹ 10 each fully paid		

* The ultimate holding company is Blackstone Capital Partners (Cayman II) VI L.P. w.e.f. 1 September 2016 (refer note 47).

(d) Equity shares movement during five years immediately preceding 31 March 2018

(i) Aggregate number of bonus shares and shares issued for consideration other than cash:

	31 March 2018	**31 March 2017**
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / retained earnings	-	700

In addition, the Company has issued total 503,161 shares (31 March 2017: 309,523) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan wherein part consideration was received in the form of employee services.

(ii) Equity shares extinguished / cancelled on buy back

The Company has completed the buyback of 17,370,078 fully paid-up equity shares of face value of ₹ 10 each (“equity shares”) on 2 June 2017, representing 8.26% of the total paid-up equity share capital of the Company, at a price of ₹ 635 per equity share for an aggregate amount of ₹ 11,030.00 million. The shares accepted by the Company under the buyback has been extinguished on 7 June 2017 and the paid-up equity share capital of the Company has been reduced to that extent. Subsequent to completion of buyback, the Company has transferred ₹ 173.70 millions to Capital Redemption Reserve representing face value of equity shares bought back.

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	**31 March 2018**		**31 March 2017**	
	Number	**% of holding**	**Number**	**% of holding**
Marble II Pte Limited	116,691,668	60.38	127,108,444	60.41

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP plan of the Company, refer note 17.

(₹ millions)

	31 March 2018	**31 March 2017**
14. SECURITIES PREMIUM		
Balance as per previous financial statements	1,654.10	1,572.36
Utilized for buy back of equity shares	(1,654.10)	-
Premium on issue of shares	26.59	0.24
Transferred from stock options outstanding	68.59	81.50
Closing balance	**95.18**	**1,654.10**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act.

		(₹ millions)
	31 March 2018	**31 March 2017**
15. GENERAL RESERVE		
Balance as per previous financial statements	6,576.85	5,946.19
Utilized for buy back of equity shares	(6,576.85)	-
Reversal on lapse of options granted	2.18	5.65
Amount transferred from surplus balance in the statement of profit and loss	739.89	625.01
Closing balance	**742.07**	**6,576.85**

General reserve represents appropriation of profit.

	31 March 2018	**31 March 2017**
16. RETAINED EARNINGS		
Balance as per previous financial statements	35,455.23	34,910.97
Re-measurement gains / (losses) on defined benefit plans	(24.73)	(22.13)
Profit for the year	7,398.91	6,250.10
Utilized for buy back of equity shares	(2,625.35)	-
Transfer to CRR on buy back of equity shares	(173.70)	-
Buy back related expenses	(30.34)	-
Less: Appropriations		
Equity dividend	3,283.08	4,202.11
Dividend Distribution Tax	668.37	856.59
Transfer to general reserve	739.89	625.01
Total appropriations	**4,691.34**	**5,683.71**
Net surplus in the statement of profit and loss	**35,308.68**	**35,455.23**

Retained earnings comprises of prior and current year's undistributed earnings after tax.

Proposed dividend on equity shares

Proposed dividend for the year ended 31 March 2018 is ₹ 20 per share amounting to ₹ 3,865.20 millions and DDT of ₹ 794.69 millions. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including DDT thereon).

The Board of Directors, in its meeting held on 25 May 2017 had proposed the final dividend of ₹ 17 per share for the year ended 31 March 2017. The dividend proposed by the Board of Directors is approved by the shareholders' in the Annual General meeting held on 26 July 2017. Accordingly, the Company has accounted the same in accordance with Ind AS-10.

		(₹ millions)
	31 March 2018	**31 March 2017**
17. OTHER RESERVES		
Capital reserve (a)		
Balance as per previous financial statements	265.16	265.16
Closing balance	**265.16**	**265.16**
Capital redemption reserve (b)		
Balance as per previous financial statements	-	-
Transfer from retained earnings on buy back of equity shares	173.70	-
Closing balance	**173.70**	**-**
Share based payments (c)		
Balance as per previous financial statements	190.47	170.43
Add: Expense for the year	199.02	215.26
Less: Transferred to securities premium on exercise of options	68.59	81.50
Less: Exercise of options	0.45	108.07
Less: Reversal on lapse of options granted	2.22	5.65
Closing balance	**318.23**	**190.47**
Treasury shares (d)		
Balance as per previous financial statements	(0.45)	(158.29)
Transaction during the year	0.45	157.84
Closing balance	**-**	**(0.45)**
Hedging reserve (e)		
Balance as per previous financial statements	707.66	231.76
Transaction during the year	1,130.37	1,206.96
Transfer to revenue	(1,599.48)	(731.06)
Closing balance	**238.55**	**707.66**
Total other reserves	**995.64**	**1,162.84**

a. Created due to receipts from liquidation of trust.

b. Capital Redemption Reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.

c. Share based payments reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of lapse, corresponding balance is transferred to general reserve.

d. Represents equity shares of the Company held by the controlled trusts.

e. Changes in the fair value of financial instruments designated as hedge is recognized in this reserve through OCI. Amounts recognized in hedging reserve is reclassified to statement of profit and loss when the hedge item affects profit or loss.

Employee Stock Option Plans – Equity settled

Employees Stock Option Plan - 1998 (the 1998 Plan): The Company instituted the 1998 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on 31 July 1998. The 1998 Plan provides for the issuance of 3,720,000 options to eligible employees as recommended by the ESOP Committee constituted for this purpose. In accordance with the 1998 Plan, the Committee has formulated 1998 Plan – (Version I) and 1998 Plan - (Version II) during the years 1998-1999 and 1999-2000 respectively.

1998 Plan - (Version I): Each option granted under the 1998 Plan - (Version I), entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 34.38 per share. The equity shares covered under these options vest at various dates over a period ranging from six to sixty-six months from the date of grant based on the length of service completed by the employee to the date of grant. The options are exercisable any time after their vesting period.

The movements in the options granted under the 1998 Plan – (Version I) for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		**Year ended 31 March 2017**	
1998 Plan (Version I)	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	47,000	34.38	47,000	34.38
Options outstanding at the end	**47,000**	**34.38**	**47,000**	**34.38**
Exercisable at the end	**47,000**	**34.38**	**47,000**	**34.38**

The options outstanding as at 31 March 2018 has an exercise price of ₹ 34.38 (31 March 2017: ₹ 34.38).

1998 Plan - (Version II): Commencing January 2000, the Company decided to grant all future options at the market price immediately preceding the date of grant. The equity shares covered under these options vest at various dates over a period ranging from twelve to forty-eight months from the date of grant based on the grade of the employee. However, in the case of options granted to the then Managing Director or Chief Executive Officer, the vesting period of the options, subject to minimum period of one year from the date of grant, is determined by the ESOP Committee and approved by the Board. The options are to be exercised within a period of ten years from their date of vesting.

The movements in the options granted under the 1998 Plan - (Version II) for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
1998 Plan (Version II)	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	9,816	84.67	94,400	117.29
Lapsed	6,616	84.21	81,624	122.39
Exercised	3,200	85.63	2,960	84.94
Options outstanding at the end	**-**	**-**	**9,816**	**84.67**
Exercisable at the end	**-**	**-**	**9,816**	**84.67**

The weighted average share price as at the date of exercise for stock options was ₹ 584.78 (31 March 2017: ₹ 527.86). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 67.38 to ₹ 92.00). and the weighted average remaining contractual life of Nil years (31 March 2017: 0.31 years).

Employees Stock Option Plan - 2004 (the 2004 Plan): At the Extraordinary General Meeting held on 12 May 2004, the shareholders approved a new Employee Stock Option Plan. The 2004 Plan provides for the issue of equity shares to employees and directors of the Company and its subsidiaries and for the exchange of outstanding stock options of Msource Corporation as on 20 September 2004, pursuant to its merger with Mphasis Corporation and the assumption of the Msource stock options by the Company.

The 2004 Plan is administered through the ESOP Committee appointed by the Board and comprises two programs. Under Program A, outstanding options of Msource Corporation were exchanged for options in the Company on the agreed exchange ratio of 0.14028 stock options with underlying equity shares of the Company for each stock option in the Msource 2001 plan, the exercise price being the equivalent amount payable by the option holder under the Msource 2001 plan. The equity shares underlying these options vest over a period up to forty-eight months from the date of assumption by the Company and shall be exercisable within a period of ten years from the original date of grant under the Msource 2001 plan.

Options under Program B represent fresh grants and will be issued to employees at an exercise price which shall be equal to the fair value of the underlying shares at the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty-eight months from the date of grant. The exercise period is two years from the date of vesting.

The movements in the options under the 2004 Plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
2004 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	1,598	138.69	2,356	120.22
Lapsed	1,598	138.69	350	117.36
Exercised	-	-	408	50.34
Options outstanding at the end	**-**	**-**	**1,598**	**138.69**
Exercisable at the end	**-**	**-**	**1,598**	**138.69**

The weighted average share price as at the date of exercise for stock options was ₹ Nil (31 March 2017: ₹ 464.30). The options outstanding as at 31 March 2018 has an exercise price of ₹ Nil (31 March 2017: ₹ 117.36 to ₹ 148.07) and weighted average remaining contractual life of Nil years (31 March 2017: 0.62 years).

Employees Stock Option Plan - 2012 (the 2012 Plan): Effective 14 March 2012, the Company instituted the 2012 Plan. The Board and the shareholders of the Company approved the 2012 plan on 20 January 2012. The 2012 plan provides for the issue of restricted options to certain employees of the Company and its subsidiaries.

The 2012 plan is administered by the Mphasis Employees Benefit Trust which is created for this purpose. Each option, granted under this plan, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 410.25 per share. The equity shares covered under these options vest over a period ranging from twelve to twenty-four months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the 2012 plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
2012 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	-	-	146,450	410.25
Lapsed	-	-	30,475	410.25
Exercised	-	-	115,975	410.25
Options outstanding at the end	**-**	**-**	**-**	**-**

The weighted average share price as at the date of exercise of stock options was ₹ Nil (31 March 2017: ₹ 562.67).

Employees Stock Option Plan - 2016 (the 2016 Plan): Effective 4 November 2016, the Company instituted the 2016 Plan. The Board of Directors of the Company and shareholders approved the 2016 Plan at its meeting held on 27 September 2016 and 4 November 2016 respectively. The 2016 plan provides for the issue of options to certain employees of the Company and its subsidiaries.

The 2016 Plan is administered by the Mphasis Employees Equity Reward Trust. As per the ESOP 2016 Plan, the stock options are granted at the Market Price subject to a discount up to twenty per cent (20%) as may be determined by the Compensation Committee at the time of Grant. The equity shares covered under these options vest over 60 months from the date of grant. The exercise period is thirty six months from the respective date of vesting.

The movements in the options under the 2016 plan for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
2016 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	3,885,100	500.00	-	-
Granted	1,613,176	630.20	3,916,900	500.00
Forfeited	485,610	504.59	31,800	500.00
Exercised	53,780	500.00	-	-
Options outstanding at the end	**4,958,886**	**541.91**	**3,885,100**	**500.00**
Exercisable at the end	**658,000**	**500.00**	**-**	**-**

The weighted average share price as at the date of exercise of stock option was ₹ 831.99 (31 March 2017: ₹ Nil) The options outstanding as at 31 March 2018 has an exercise price ranging from ₹ 500.00 to ₹ 650.00 (31 March 2017: ₹ 500.00) and the weighted average remaining contractual life of 5.10 years (31 March 2017: 5.78 years).

The weighted average fair value of stock options granted during the year was ₹ 228.54 (31 March 2017: ₹ 130.58). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2018	31 March 2017
Weighted average share price on the date of grant (₹)	775.62	541.72
Exercise Price (₹)	500.00 to 650.00	500.00
Expected Volatility*	24.18% to 26.98%	32.06%
Life of the options granted in years	1-5 years	1 -5 Years
Average risk-free interest rate	6.38% to 7.26%	6.38%
Expected dividend rate	2.85% to 3.93%	3.93%

* The expected volatility was determined based on historical volatility data.

Total Employee Compensation Cost pertaining to 2016 Plan during the year is ₹ 89.10 millions, (31 March 2017: ₹ 20.19 millions) net of cross charge to subsidiary.

Restricted Stock Unit Plan-2014 ("RSU Plan-2014")

Effective 20 October 2014, the Company instituted the Restricted Stock Unit Plan-2014. The Board and the shareholders of the Company approved RSU Plan-2014 on 14 May 2014. The RSU Plan-2014 provides for the issue of restricted options to employees of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2014, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan -2014 for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
RSU 2014 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	88,545	10.00	328,640	10.00
Forfeited	-	-	7,537	10.00
Lapsed	-	-	5,963	10.00
Exercised	53,090	10.00	226,595	10.00
Options outstanding at the end	**35,455**	**10.00**	**88,545**	**10.00**
Exercisable at the end	**35,455**	**10.00**	**88,545**	**10.00**

The weighted average share price as at the date of exercise of stock option was ₹ 654.64 (31 March 2017: ₹ 537.65). The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.18 years (31 March 2017: 2.19 years).

Total Employee Compensation Cost pertaining to RSU Plan-2014 during the year is ₹ Nil (31 March 2017: ₹ 9.49 millions), net of cross charge to subsidiary.

Restricted Stock Unit Plan-2015 ('RSU Plan-2015')

Effective 29 July 2015, the Company instituted the Restricted Stock Unit Plan-2015. The Board and the shareholders of the Company approved RSU Plan-2015 on 9 September 2015. The RSU Plan-2015 provides for the issue of restricted options to employees and directors of the Company and its subsidiaries.

The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each option, granted under the RSU Plan-2015, entitles the holder thereof with an option to apply for and be issued one equity share of the Company at an exercise price of ₹ 10.00 per share. The equity shares covered under these options vest over a period ranging from twelve to thirty-six months from the date of grant. The exercise period is three years from the date of vesting.

The movements in the options under the RSU Plan-2015 for the year ended 31 March 2018 and 31 March 2017 are set out below:

	Year ended 31 March 2018		Year ended 31 March 2017	
RSU 2015 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	192,900	10.00	423,050	10.00
Forfeited	-	-	11,250	10.00
Lapsed	5,000	10.00	-	-
Exercised	104,050	10.00	218,900	10.00
Options outstanding at the end	**83,850**	**10.00**	**192,900**	**10.00**
Exercisable at the end	**83,850**	**10.00**	**192,900**	**10.00**

The weighted average share price as at the date of exercise of stock option was ₹ 629.92 (31 March 2017: ₹ 551.62).The options outstanding on 31 March 2018 has an exercise price of ₹ 10.00 (31 March 2017: ₹ 10.00) and the weighted average remaining contractual life of 1.62 years (31 March 2017: 2.62 years).

Total Employee Compensation Cost pertaining to RSU Plan-2015 during the year is ₹ Nil (31 March 2017: ₹ 45.33 millions), net of cross charge to subsidiary.

(₹ millions)

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
18. OTHER FINANCIAL LIABILITIES				
Carried at amortized cost				
Salary related costs	-	-	475.18	419.10
Capital creditors	-	-	13.26	14.09
Other payables	10.67	10.73	99.37	90.48
Unpaid dividend *	-	-	13.67	11.51
Derivative instruments at FVTPL (not designated as hedges)				
Foreign exchange forward contracts	-	-	42.78	1.33
Derivative instruments at FVTOCI (cash flow hedges)				
Foreign exchange forward contracts	27.48	-	105.01	0.29
	38.15	**10.73**	**749.27**	**536.80**

* Unclaimed dividends when due shall be credited to Investor Protection and Education Fund.

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
19. NET EMPLOYEE DEFINED BENEFIT LIABILITIES				
Provision for gratuity [refer note 41(a)]	519.29	536.05	200.00	290.00
Provision for employee compensated absences	-	-	154.94	145.96
	519.29	**536.05**	**354.94**	**435.96**

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
20. PROVISIONS				
Provision for loss on long-term contract	50.00	-	150.00	204.06
Other provisions	-	-	81.03	83.03
	50.00	**-**	**231.03**	**287.09**

Provisions	Legal fees	Onerous contracts	Sale of business	Total
As at 1 April 2017	48.03	204.06	35.00	**287.09**
Additions during the year	-	200.00	-	**200.00**
Utilised / paid/ reversed	-	(204.06)	(2.00)	**(206.06)**
As at 31 March 2018	**48.03**	**200.00**	**33.00**	**281.03**
Current	48.03	150.00	33.00	231.03
Non-current	-	50.00	-	50.00
As at 1 April 2016	48.03	483.66	67.99	**599.68**
Utilised / paid/ reversed	-	(279.60)	(32.99)	**(312.59)**
As at 31 March 2017	**48.03**	**204.06**	**35.00**	**287.09**
Current	48.03	204.06	35.00	**287.09**
Non-current	-	-	-	**-**

a) During the year ended 31 March 2016, the company had formalized a plan to early exit / ramp down operations in respect of certain domestic BPO contracts. During the year ended 31 March 2017 the Company reversed ₹ 21.57 millions (net of tax of ₹ 11.41 millions) and the closing balance as at 31 March 2018 is ₹ 33.00 millions (31 March 2017: ₹ 35.00 millions)

b) The loss incurred on onerous contracts during the year ended 31 March 2017 has been adjusted against the provision and the balance as at 31 March 2017 is ₹ 204.06 millions. Further, during the year, upon assessment of future profitability, the company provided an amount of ₹ 130.78 millions (net of tax ₹ 69.22 millions) towards expected loss and the same has been disclosed as an exceptional item. The closing balance as at 31 March 2018 is ₹ 200.00 millions.

(₹ millions)

	31 March 2018	31 March 2017
21. SHORT TERM BORROWING		
Pre-shipment loan in foreign currency from bank (unsecured)*	1,299.60	-
	1,299.60	**-**

* Pre-shipment loan carries interest @ LIBOR plus 0.05% (31 March 2017: LIBOR plus 0.20%) p.a. The loan is repayable on 27 April 2018.

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
22. TRADE PAYABLES				
Carried at amortized cost				
Total outstanding dues of micro and small enterprises	-	-	5.96	4.47
Total outstanding dues of creditors other than micro and small enterprises	-	-	2,161.52	2,195.39
Trade payables with related parties	-	-	946.93	2,097.88
	-	**-**	**3,114.41**	**4,297.74**

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2018 and 31 March 2017. The details in respect of such dues are as follows:

Particulars	31 March 2018	31 March 2017
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year		
- Principal amount due to micro and small enterprises	5.96	4.47
- Interest due on above	1.03	0.90
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have 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	0.45	1.76
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
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	14.56	13.08

Terms and conditions of the above trade payables are as below:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- For explanation on the Company's credit risk management refer note 43

	Non Current		Current	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
23. OTHER LIABILITIES				
Unearned revenue	-	-	301.02	15.67
Advances from clients	-	-	0.02	0.02
Statutory dues	-	-	254.90	208.88
Dues to subsidiaries	-	-	-	17.09
	-	**-**	**555.94**	**241.66**

24. TAXES

Income tax expenses in the statement of profit and loss consist of the following: **(₹ millions)**

	Year ended 31 March 2018	Year ended 31 March 2017
Taxes		
Current taxes	2,183.56	2,036.31
Deferred taxes	(277.73)	(22.88)
Total taxes	**1,905.83**	**2,013.43**

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities.

The Company has units at Bengaluru, Hyderabad, Chennai and Pune registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Company also has STPI units at Bengaluru, Pune and other locations which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B / 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 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, tax deductions and tax effect on allowances / disallowances.

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

Mphasis Limited has entered into international and specified domestic transactions with its associated enterprises within the meaning of Section 92B and Section 92BA respectively of the Income Tax Act, 1961. The Company is of the view that all the aforesaid transactions have been made at arms' length terms.

Deferred tax for the year ended 31 March 2018 and 31 March 2017 relates to origination and reversal of temporary differences

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before exceptional item and tax	**9,435.52**	**8,311.51**
Applicable tax rates in India	34.608%	34.608%
Computed tax expenses (A)	**3,265.44**	**2,876.45**
Tax effect on exempted operating income	(851.94)	(676.68)
Tax effect on exempted non- operating income	(99.38)	(158.24)
Tax effect on permanent non-deductible expenses	22.98	21.59
Tax effect on differential domestic / overseas tax rate	20.16	3.63
Reversal of tax expenses on account of completed assessments	(331.96)	-
Tax Effect on DTA recognised on carried forward Long Term Capital Loss	(123.02)	-
Others	3.55	(53.32)
Total adjustments (B)	**(1,359.61)**	**(863.02)**
Total tax expenses (A+B)	**1,905.83**	**2,013.43**

During the quarter ended 31 March 2018, the Company has reversed certain income tax provisions of ₹ 331.96 million which pertains to Completed Tax Assessment. Further during the quarter ended 31 March 2018, the Company has recognised deferred tax asset of ₹ 123.02 millions on capital losses and is confident of reversal of the timing differences in the foreseeable future.

	31 March 2018	31 March 2017
Income tax assets (Net)		
Advance income-tax (net of provision for taxation)	3,891.43	3,540.58
	3,891.43	**3,540.58**
Income tax liabilities (Net)		
Provision for taxation	672.64	452.66
	672.64	**452.66**
Net income tax asset	**3,218.79**	**3,087.92**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows: **(₹ millions)**

	31 March 2018	**31 March 2017**
DEFERRED TAX ASSET (Net)		
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	415.14	434.54
Provision for doubtful debts and advances	157.92	163.41
Provision for employee benefits	364.89	359.83
Provision for loss on long-term contract	16.23	16.08
Deferred tax liability on rent equalization reserve	(132.50)	(330.43)
On Carried forward Long Term Capital Loss	123.02	-
Others	(115.20)	(351.99)
	829.50	**291.44**

* net of MAT credit utilisation of ₹ Nil (31 March 2017: ₹ 341.26 millions).

	Year ended 31 March 2018	**Year ended 31 March 2017**
25. REVENUE FROM OPERATIONS		
Sale of services	31,149.23	29,406.19
Sale of traded goods	-	48.29
Profit on cashflow hedges	1,599.48	731.06
	32,748.71	**30,185.54**
25.1 Details of services rendered:		
Application maintenance & other services	13,273.50	13,513.11
Application development	5,794.49	5,309.25
Infrastructure management services	6,967.19	6,725.45
Other services	5,114.05	3,858.38
	31,149.23	**29,406.19**
25.2 Details of traded goods sold:		
Cash deposit machine and UPS	-	48.29
	-	**48.29**

	Year ended 31 March 2018	**Year ended 31 March 2017**
26. OTHER INCOME		
Interest income on		
Bank deposits	32.07	131.89
Long term bonds	90.63	90.73
Others	81.75	177.75
Dividend income on investments	-	135.04
Net gain on investments carried at FVTPL *	752.02	1,005.84
Foreign exchange gain / (loss), (net)	178.05	215.17
Profit on sale of fixed assets, (net)	7.46	27.94
Sublease income	69.23	67.18
Miscellaneous income	4.95	14.29
	1,216.16	**1,865.83**

*includes profit on sale of investments

	Year ended 31 March 2018	**Year ended 31 March 2017**
27. PURCHASE OF STOCK-IN-TRADE		
Cash deposit machine and UPS	-	0.24
	-	**0.24**

(₹ millions)

	Year ended 31 March 2018	Year ended 31 March 2017	(Increase) / decrease
27.1 CHANGES IN INVENTORIES OF STOCK-IN-TRADE			
Inventories at the end of the year			
Traded goods	-	-	-
	-	-	
Inventories at the beginning of the year			
Traded goods	-	40.99	40.99
	-	**40.99**	**40.99**
	-	40.99	

	Year ended 31 March 2018	Year ended 31 March 2017
28. EMPLOYEE BENEFITS EXPENSE		
Salaries and bonus	12,808.97	12,506.10
Contribution to provident and other funds	533.20	514.21
Employee share based payment	89.10	75.01
Gratuity expense [refer note 41(a)]	166.73	186.74
Staff welfare expenses	317.52	282.93
	13,915.52	**13,564.99**

	Year ended 31 March 2018	Year ended 31 March 2017
29. FINANCE COSTS		
Interest	23.40	16.26
Exchange difference to the extent considered as an adjustment to borrowing costs	28.98	7.75
	52.38	**24.01**

	Year ended 31 March 2018	Year ended 31 March 2017
30. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of property, plant and equipment (refer note 3)	244.95	212.53
Amortization of intangible assets (refer note 4)	72.94	51.25
	317.89	**263.78**

	Year ended 31 March 2018	Year ended 31 March 2017
		(₹ millions)
31. OTHER EXPENSES		
Travel	420.13	467.15
Recruitment expenses	87.13	186.19
Communication expenses	280.08	207.12
Rent	1,734.92	1,670.03
Professional charges	1,731.37	1,345.88
Payment to auditor (refer details below)	17.58	18.89
Provision for doubtful debts	(20.24)	-
Software development expenses	4,061.71	4,144.04
Power and fuel	249.95	293.83
Selling commission	-	32.25
Sales support and marketing expenses	68.25	57.83
Software support & annual maintenance charges	684.30	645.45
Insurance	80.44	80.50
Rates & taxes*	64.56	(47.71)
Repairs & maintenance	20.27	12.85
Corporate Social Responsibility expense (refer note 46)	129.12	133.56
Miscellaneous expenses	633.99	597.99
	10,243.56	**9,845.85**

* Rates and taxes includes refund received against service tax receivables during the year ended 31 March 2017.

Payment to Auditor *		
As auditor:		
Statutory audit fee	13.50	15.00
Other services (certification fees)	2.97	2.88
Reimbursement of expenses	1.11	1.01
	17.58	**18.89**

* excluding Service Tax / Goods and Service Tax.

	Year ended 31 March 2018	Year ended 31 March 2017
32. EXCEPTIONAL ITEM (NET OF TAX)		
Expected loss on sale of domestic BPO business	-	(3.76)
Expected loss on exit from other domestic BPO business [refer note 20 (a)]	-	(21.57)
Provision for loss on long-term contract [refer note 20 (b)]	130.78	-
Accelerated cost due to change in control (refer note 48)	-	39.77
Others	-	33.54
	130.78	**47.98**

33. EARNINGS PER SHARE ('EPS')

Reconciliation of basic and diluted shares used in computing earnings per share:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before exceptional item (₹ in millions)	7,529.69	6,298.08
Profit after exceptional item (₹ in millions)	7,398.91	6,250.10
Number of weighted average shares considered for calculation of basic earnings per share	196,333,584	210,035,384
Add: Dilutive effect of stock options	297,424	345,892
Number of weighted average shares considered for calculation of diluted earnings per share	**196,631,008**	**210,381,276**

The above does not include 21,000 (31 March 2017: 21,000) bonus shares held in abeyance by the Company.

34. The Company's software development centres in India include 100% Export Oriented ('EOU'), Special Economic Zone ('SEZ') under Special Economic Zone Ordinance and Software Technology Park ('STP') Units under the Software Technology Park guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Company has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, if certain terms and conditions are not fulfilled.

35. CONTINGENT LIABILITIES AND COMMITMENTS

a) The Company has received assessment orders for the financial years ended 31 March 2005, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 wherein certain adjustments in respect of transfer pricing under Section 92CA of the Income Tax Act, 1961 have been made to the taxable income and demand orders for ₹ 3,085.21 millions (31 March 2017: ₹ 2,080.46 millions) have been raised on the Company. The above demands are disputed by the management and the Company has filed appeals against the aforesaid orders with appellate authorities. The management is of the view that the prices determined by it are at arm's length and is confident that the demands raised by the assessing officer are not tenable under law. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account for the above mentioned tax demands.
Other claims against the Company (majorly Income tax and indirect tax) not acknowledged as debts amount to ₹ 6,971.23 millions (31 March 2017: ₹ 7,057.33 millions) net of bank guarantees aggregating to ₹ 6,662.76 millions (31 March 2017: ₹ 6,661.95 millions). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable

b) Other outstanding bank guarantees as at 31 March 2018: ₹ 576.69 millions (31 March 2017: ₹ 688.31 millions); including those furnished on account of jointly controlled operations ₹ 22.00 millions (31 March 2017: ₹ 99.35 millions) and customs authorities aggregating to ₹ 52.57 millions (31 March 2017: ₹ 52.57 millions).

c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2018: ₹ 230.09 millions (31 March 2017: ₹ 77.14 millions).

d) The Company has received claims from certain customers / vendors. Management is of the view that these claims are not tenable and is taking appropriate action in this regard. It is not practical for the Company to estimate the amounts.

e) The Company has issued performance guarantees on behalf of its subsidiaries for any future liabilities which may arise out of contracts and to certain clients for executed contracts. It is not practical for the Company to estimate the amounts.

36. OPERATING LEASES

The Company is obligated under non-cancellable leases for equipment, office and residential space that are renewable on a periodic basis at the option of the lessor and lessee. Total rental expenses under non-cancellable operating leases amounted to ₹ 762.99 millions for the year ended 31 March 2018 (31 March 2017: ₹ 803.08 millions).

Future minimum lease payments under non-cancellable operating leases are as follows: **(₹ millions)**

Period	**31 March 2018**	**31 March 2017**
Not later than 1 year	274.26	317.14
Later than 1 year and not later than 5 years	273.02	188.29
More than 5 years	-	-
	547.28	**505.43**

The Company has also occupied office facilities and residential facilities under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases for the year ended 31 March 2018 amounted to ₹ 971.93 millions (31 March 2017: ₹ 866.95 millions).

Office premises are obtained on operating lease for terms ranging from 1-7 years and are renewable at the option of the Company/lessor.

The Company has also subleased office space under cancellable operating lease agreements. The total sublease rental income under cancellable operating leases amounted to ₹ 52.61 millions for the year ended 31 March 2018 (31 March 2017: ₹ 50.56 millions). The total sublease rental income under non-cancellable operating leases for the year ended 31 March 2018 amounted to ₹ 16.62 millions (31 March 2017: 16.62 millions)

Future minimum sublease payments receivable under non-cancellable operating lease as at 31 March 2018 are as follows:

Period	**31 March 2018**	**31 March 2017**
Not later than 1 year	9.30	16.62
Later than 1 year and not later than 5 years	-	9.30
More than 5 years	-	-
	9.30	**25.92**

37. RELATED PARTY TRANSACTIONS

Entities where control exists:

	Up to 31 August 2016	**From 1 September 2016**
Ultimate holding company	Hewlett-Packard Enterprise Company	Blackstone Capital Partners (Cayman II) VI L.P.
Intermediate holding company	Hewlett Packard Barcelona BV	Blackstone Capital Partners (Singapore) VI Holding Co Pte Ltd.
Immediate holding companies	EDS Asia Pacific Holdings EDS World Corporation (Far East) LLC EDS World Corporation (Netherlands) LLC	Marble II Pte Limited

Immediate holding company holds 60.38% (31 March 2017: 60.41%) of the total share capital of the Company.

The related parties also include Kshema Employees Welfare Trust and Mphasis Provident Fund Trust (Refer note 41(b)) for information on transactions with Mphasis Provident Fund Trust mentioned above) and the following subsidiaries:

Msource (India) Private Limited ('Msource India')	Mphasis Australia Pty Limited ('Mphasis Australia')
Mphasis Software and Services (India) Private Limited ('Mphasis India')	Mphasis (Shanghai) Software & Services Company Limited ('Mphasis China')
Mphasis Corporation ('Mphasis USA')	Mphasis Europe BV ('Mphasis Europe')
Mphasis Infrastructure Services Inc.	Mphasis Pte Limited ('Mphasis Singapore')
Digital Risk, LLC	Mphasis Deutschland GmbH ('Mphasis GmbH')
Digital Risk Mortgage Services, LLC	Mphasis Belgium BVBA ('Mphasis Belgium')
Digital Risk Compliance Services, LLC *	Mphasis Poland s.p.z.o.o
Digital Risk Valuation Services, LLC	Mphasis Ireland Limited ('Mphasis Ireland')
Digital Risk Europe, OOD	Wyde Solutions Canada Inc.
Digital Risk Anaytics, LLC *	Wyde Tunisie SARL
Investor Services, LLC	Mphasis Wyde SASU
Wyde Corporation Inc.	PT. Mphasis Indonesia ('Mphasis Indonesia')
Mphasis Wyde Inc.	Msource Mauritius Inc. ('Msource Mauritius')
Mphasis UK Limited ('Mphasis UK')	Mphasis Philippines Inc.
Mphasis Consulting Limited ('Mphasis Consulting')	Mphasis Lanka Private Limited ('Mphasis Lanka')

* Digital Risk Compliance Services, LLC. and Digital Risk Analytics, LLC. have been merged with its sole shareholder and parent company, Digital Risk, LLC, effective 13 July 2017 vide approval dated 10 October 2017 from the Secretary of State, Division of Corporation, State of Delaware.

Key management personnel

Nitin Rakesh	Chief Executive Officer (Appointed w.e.f. 29 January 2017)
Balu Ganesh Ayyar	Chief Executive Officer (Resigned w.e.f. 29 January 2017)
A. Sivaram Nair	Executive Vice President, Company Secretary General Counsel & Ethics Officer (Resigned w.e.f..31 October 2017)
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
Subramanian Narayan	Vice President & Company Secretary (Appointed w.e.f. 1 November 2017)
James Mark Merritt	Director - Vice Chairman of the Board- (Resigned w.e.f. 1 September 2016)
Davinder Singh Brar	Non Executive Independent Director, Chairman of the Board
Narayanan Kumar	Director - Non Executive Independent Director
Lakshmikanth K Ananth	Director- Resigned w.e.f. 1 September 2016
Stefan Antonio Lutz	Director- Resigned w.e.f. 1 September 2016
Mary Teresa Hassett	Director- Resigned w.e.f. 1 September 2016
Jan Kathleen Hier	Non Executive Independent Director
Jeff Thomas Ricci	Non-Executive Director – Resigned w.e.f. 1 September 2016
Amit Dixit	Director – Appointed w.e.f. 1 September 2016
Amit Dalmia	Director – Appointed w.e.f. 1 September 2016
Paul James Upchurch	Director – Appointed w.e.f. 1 September 2016
Dario Zamarian	Director – Appointed w.e.f. 1 September 2016
David Lawrence Johnson	Director – Appointed w.e.f. 1 September 2016

Direct or indirect subsidiaries of ultimate holding company with which transactions have taken place:

Global E:Business Operations Private Ltd	Hewlett-Packard Limited
Hewlett Packard Software, LLC	Hewlett-Packard Multimedia SDN BHD
Hewlett-Packard (Canada) Co.	Hewlett-Packard Nederland B.V.
Hewlett-Packard (India) Software Operation Private Limited	Hewlett-Packard OY
Hewlett-Packard (Schweiz) GmbH	Hewlett-Packard Singapore (Sales) Pte. Ltd
Hewlett-Packard ApS	Hewlett-Packard Sverige A.B.
Hewlett-Packard Australia Pty Limited.	HP Enterprise Services (Hong Kong) Limited
Hewlett-Packard Belgium B.V.B.A/S.P.R.L	HP Enterprise Services Australia Pty Ltd
Hewlett-Packard Centre de Competence France SAS	HP Enterprise Services BPA Pty Ltd
Hewlett-Packard de Mexico S. De R.L. De CV	HP Enterprise Services Italia S.r.l
Hewlett-Packard Enterprise Services UK Limited	HP Enterprise Services, LLC
Hewlett-Packard France SAS	HP Facilities Services (Malaysia) Sdn Bhd
Hewlett-Packard Globalsoft Private Limited	HP Financial Services (Australia) Pty Limited
Hewlett-Packard GmbH	HP Financial Services (New Zealand)
Hewlett-Packard International Sa'rl	HP Services (Singapore) Pte Ltd
Hewlett-Packard Enterprise Singapore Pte. Ltd.	Hewlett-Packard Enterprise India Private Limited

The above companies ceased to be related parties w.e.f. 1 September 2016 (refer note 47).

The following is the summary of significant transactions with related parties by the Company: **(₹ millions)**

	Year ended 31 March 2018	Year ended 31 March 2017
Rendering of services - entities where control exists	**10,208.27**	**8,681.98**
Mphasis USA	8,186.86	6,291.48
Hewlett Packard Enterprise Company	-	109.76
Others	2,021.41	2,280.74
Rendering of services - other related parties	**-**	**2,874.74**
HP Enterprises Services, LLC	-	1,926.18
Hewlett Packard Australia Pty Limited	-	292.79
Hewlett-Packard Enterprise Services UK Limited	-	280.86
Others	-	374.91
Purchase of fixed assets - entities where control exists	**-**	**0.88**
Msource India	-	0.38
Mphasis China	-	0.50
Sale of fixed assets - entities where control exists	**2.29**	**0.19**
Msource India	2.29	0.19
Software development charges - entities where control exists	**2,658.89**	**2,608.77**
Mphasis USA	2,384.39	2,334.94
Others	274.50	273.83
Software development charges - other related parties	**-**	**4.56**
HP Services (Singapore) Pte Limited	-	4.56
Software support and annual maintenance charges - other related parties	**-**	**181.03**
HP Services (Singapore) Pte Limited	-	180.37
Others	-	0.66
Other expenses incurred - other related parties	**-**	**4.69**
HP Services (Singapore) Pte Ltd	-	0.75
Hewlett Packard Enterprise India Pvt Ltd	-	2.59
Hewlett Packard Singapore (Sales) Pte Ltd	-	1.35
Sales support and marketing expenses - entities where control exists	**68.25**	**57.83**
Mphasis UK	68.25	57.83
Selling commission - entities where control exists	**-**	**32.25**
Mphasis Europe	-	19.67
Mphasis Consulting	-	11.82
Others	-	0.76
Dividend paid (on cash basis)	**1,983.76**	**2,542.17**
Marble II Pte Limited	1,983.76	2,542.17
Remuneration / Commission to key management personnel*	**145.52**	**311.42**
Nitin Rakesh	86.14	29.64
Balu Ganesh Ayyar	-	215.70
Others	59.38	66.08
Investment in entities where control exists	**(0.04)**	**(0.01)**
Mphasis USA	(0.04)	(0.01)
Sub-lease rental income - entities where control exists	**69.23**	**67.17**
Msource India	52.61	50.55
Digital Risk Mortgage Services, LLC	16.62	16.62

***** This does not include remuneration paid to certain directors by the ultimate parent company and its affiliates as they are employees of the said companies.

In addition to the above, the Company and its subsidiaries incur reimbursable expenses on behalf of each other in the normal course of business.

(₹ millions)

	Year ended 31 March 2018	**Year ended 31 March 2017**
Expenses incurred on behalf of related parties	**165.14**	**118.19**
Mphasis USA	98.16	70.36
Msource India	25.94	15.58
Others	41.04	32.25
Cost Allocation to related parties	**26.98**	**430.82**
Msource India	-	186.36
Wyde Corporation	14.72	-
Mphasis USA	12.26	186.29
Others	-	58.17
Expenses incurred by related parties on Company's behalf	**270.51**	**232.99**
Msource India	212.53	149.46
Mphasis USA	53.21	83.36
Others	4.77	0.17

Managerial remuneration*

Expenses include the following remuneration to the key management personnel:

	Year ended 31 March 2018	**Year ended 31 March 2017**
Short-term employee benefits	72.23	240.23
Share based payment**	45.58	44.99
Commission to independent directors	25.62	19.89
Other benefits***	2.09	6.31
	145.52	**311.42**

***** This does not include remuneration paid to certain directors by the ultimate parent company and its affiliates as they are employees of the said companies.

** Includes RSU / ESOP cost determined as per with Ind AS 102 (‘Share Based Payment’).

*** As the liability for gratuity and leave encashment is provided on actuarial basis for the company as whole, the amount pertaining to the directors are not included above.

The balances receivable from and payable to related parties are as follows:

	31 March 2018	**31 March 2017**
Trade receivables - entities where control exists	**2,292.09**	**4,609.15**
Mphasis USA	1,921.10	3,899.39
Others	370.99	709.76
Trade payables- entities where control exists	**946.93**	**2,097.88**
Mphasis USA	852.24	1,865.84
Others	94.69	232.04
Other liabilities- entities where control exists *	**-**	**17.09**
Mphasis USA	-	15.83
Others	-	1.26
Remuneration / Commission payable to key management personnel	**5.10**	**9.75**
Davinder Singh Brar	0.98	2.10
Narayanan Kumar	0.85	1.80
Jan Kathleen Hier	0.87	1.85
David Lawrence Johnson	0.83	2.00
Dario Zamarian	0.76	2.00
Paul James Upchurch	0.81	-
Loans and Advances - entities where control exists**	**843.97**	**1,007.15**
Mphasis USA	578.88	742.79
Mphasis China	175.24	126.10
Others	89.85	138.26

* includes collection on behalf of related party.

** includes collection on behalf of company.

38. During the year ended 31 March 2018, the Company has remitted dividend in foreign currency of ₹ 1,985.68 millions (31 March 2017: ₹ 2,544.29 millions) to non-residents holding 116,804,414 (31 March 2017: 127,214,738) equity shares of the Company.

	Year ended 31 March 2018	**Year ended 31 March 2017**
Number of shareholders	10	9
Number of shares held	116,804,414	127,214,738
Amount remitted (₹ millions)	1,985.68	2,544.29
Year / period to which the dividend relates	Year ended 31 March 2017	Year ended 31 March 2016

39. SEGMENT REPORTING

Operating segments are defined as components of the Company for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Chief Executive Officer.

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: Banking and Capital Market, Insurance, Information Technology, Communication and Entertainment and Emerging Industries.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as 'unallocated'.
Client relationships are driven based on client domicile. The geographical segments include United States of America (USA), India, Asia Pacific (APAC) and Europe, Middle East & Africa (EMEA)

Business segments **(₹ millions)**

	Year ended 31 March 2018	**Year ended 31 March 2017**
Segment revenue		
Banking and Capital Market	11,831.84	10,126.47
Insurance	6,709.55	7,188.98
Information Technology, Communication and Entertainment	4,224.50	3,882.28
Emerging Industries	8,383.34	8,256.75
Unallocated - Hedge	1,599.48	731.06
Total segment revenue	**32,748.71**	**30,185.54**
Segment result		
Banking and Capital Market	2,520.79	1,989.63
Insurance	1,829.44	2,065.18
Information Technology, Communication and Entertainment	1,451.75	1,209.84
Emerging Industries	3,054.23	3,009.71
Unallocated - Hedge	1,599.48	731.06
Total segment result	**10,455.69**	**9,005.42**
Interest income	204.45	400.37
Finance costs	(52.38)	(24.01)
Other income	1,011.71	1,465.46
Other unallocable expenditure	(2,183.95)	(2,535.73)
Exceptional item (net of tax) (refer note 32)	(130.78)	(47.98)
Profit before taxation	**9,304.74**	**8,263.53**
Income taxes	1,905.83	2,013.43
Profit after taxation	**7,398.91**	**6,250.10**

Revenue from two customers amounted to more than 10% of the total revenue amounting to ₹ 6,487.67 and ₹ 4,010.03 millions (31 March 2017: one customer amounting to ₹ 4,761.82 millions).

	31 March 2018	31 March 2017
		(₹ millions)
Segment assets		
Banking and Capital Market	5,934.45	6,770.70
Insurance	1,760.12	2,375.43
Information Technology, Communication and Entertainment	1,574.81	1,528.72
Emerging Industries	2,966.88	3,705.65
Total segment assets	**12,236.26**	**14,380.50**
Unallocated assets	34,423.25	39,371.45
Total assets	**46,659.51**	**53,751.95**
Segment liabilities		
Banking and Capital Market	2,166.60	2,259.45
Insurance	1,157.66	2,142.55
Information Technology, Communication and Entertainment	766.71	683.37
Emerging Industries	1,299.24	1,201.16
Total segment liabilities	**5,390.21**	**6,286.53**
Unallocated liabilities	2,195.06	512.16
Total liabilities	**7,585.27**	**6,798.69**
Capital employed		
Banking and Capital Market	3,767.85	4,511.25
Insurance	602.46	232.88
Information Technology, Communication and Entertainment	808.10	845.35
Emerging Industries	1,667.64	2,504.49
Unallocated	32,228.19	38,859.29
Total capital employed	**39,074.24**	**46,953.26**

	Year ended 31 March 2018	Year ended 31 March 2017
Capital expenditure		
Banking and Capital Market	80.63	210.20
Insurance	45.73	149.22
Information Technology, Communication and Entertainment	28.79	80.59
Emerging Industries	57.13	171.39
Total capital expenditure	**212.28**	**611.40**

Geographic segments

	Year ended 31 March 2018	Year ended 31 March 2017
Region		
USA	22,460.21	20,951.06
India	4,128.53	3,847.35
APAC	1,169.08	1,384.59
EMEA	3,391.41	3,271.48
Unallocated - Hedge	1,599.48	731.06
Total geographic segments	**32,748.71**	**30,185.54**

Revenues by geographic area are based on the geographical location of the client.

Non-current operating assets

	31 March 2018	31 March 2017
India	665.53	777.14
Outside India	-	-
Total non-current operating assets	**665.53**	**777.14**

Non-current operating assets includes Property, Plant and Equipment, Intangible assets and Intangible assets under development.

Reconciliations to amounts reflected in the financial statements.

Reconciliation of assets **(₹ millions)**

	31 March 2018	31 March 2017
Segment assets	**12,236.26**	**14,380.50**
Investments (refer note 6 and 11)	25,254.11	30,132.24
Cash and cash equivalents (refer note 12)	2,112.02	2,520.52
Income tax assets (refer note 24)	3,891.43	3,540.58
Deferred tax assets (refer note 24)	829.50	291.44
Non current bank balances	0.17	109.32
Interest receivable	44.40	35.18
Deposits with government	26.42	29.90
Indirect tax recoverable	1,388.20	1,251.97
Derivatives	499.17	1,082.46
Capital advance	375.96	375.96
Others	1.87	1.88
Total assets	**46,659.51**	**53,751.95**

Reconciliation of liabilities

	31 March 2018	31 March 2017
Segment liabilities	**5,390.21**	**6,286.53**
Borrowings (refer note 21)	1,299.60	-
Income tax liabilities (refer note 24)	672.64	452.66
Statutory dues	76.53	30.43
Derivatives	132.49	0.29
Unpaid dividend	13.67	11.51
Others	0.13	17.27
Total liabilities	**7,585.27**	**6,798.69**

40. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

(₹ millions)

	31 March 2018	31 March 2017
Total equity attributable to the equity share holders of the Company (A)	39,074.24	46,953.26
Loans and borrowings (B)	1,299.60	-
Total loans and borrowings as a percentage of total capital (B / C)	3.22%	0.00%
Total capital (A+B=C)	**40,373.84**	**46,953.26**
Total equity as a percentage of total capital (A / C)	**96.78%**	**100.00%**

The Company is predominantly equity financed which is evident from the capital structure table above. Further the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.

41. EMPLOYEE BENEFITS

a. Gratuity Plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables set out the status of the gratuity plan.

Disclosure as per Ind AS - 19

		(₹ millions)
	31 March 2018	**31 March 2017**
Change in projected benefit obligations		
Obligations at beginning of the year	1,035.27	914.61
Service cost	115.93	130.22
Interest cost	73.16	66.71
Benefits settled	(145.34)	(118.65)
Acturial (gain) /loss (through OCI)	38.79	42.38
Obligations at end of the year	**1,117.81**	**1,035.27**
Change in plan assets		
Plan assets at beginning of the year, at fair value	209.22	109.14
Expected return on plan assets	22.36	10.19
Actuarial gain /(loss) (through OCI)	0.12	8.53
Contributions	315.35	200.04
Benefits settled	(145.34)	(118.65)
Administration charges	(3.19)	(0.03)
Plan assets at end of the year	**398.52**	**209.22**
Present value of defined benefit obligation at the end of the year	1,117.81	1,035.27
Fair value of plan assets at the end of the year	398.52	209.22
Net liability recognised in the balance sheet	**(719.29)**	**(826.05)**

	Year ended 31 March 2018	**Year ended 31 March 2017**
Expenses recognised in statement of profit and loss		
Service cost	115.93	130.22
Interest cost (net)	50.80	56.52
Net gratuity cost	**166.73**	**186.74**
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to financial assumption changes	(94.19)	16.27
Actuarial (gain) / loss due to experience adjustments	132.98	26.11
Return on plan assets (greater) less than discount rate	(0.12)	(8.53)
Total expenses routed through OCI	**38.67**	**33.85**
Interest rate	7.60%	6.80%
Discount factor	7.60%	6.80%
Expected rate of return on plan assets	7.60%	6.80%
Actual return on plan assets	7.75%	8.25%
Salary increase	5.00%	6.50%
Attrition rate	20.00%	20.00%
Retirement age	60 years	60 years
Projected benefit obligation at end	1,117.81	1,035.27
Projected benefit obligation at beginning	1,035.27	914.61
Accumulated benefit obligation at end	842.58	931.75
Vested benefit obligation at end	897.00	878.40

	Year ended 31 March 2018	Year ended 31 March 2017
		(₹ millions)
Year 1	199.36	181.26
Year 2	156.02	144.92
Year 3	120.32	114.99
Year 4	93.85	91.38
Year 5	72.63	72.41
6 to 10 years	186.38	191.35
Beyond 10 years	289.25	238.96
Contributions likely to be made for the next one year	200.00	290.00

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Expected return on plan assets is computed based on prevailing market rate.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2018	31 March 2017
Investments with insurer	100%	100%

Sensitivity analysis	31 March 2018		31 March 2017	
Effect of change in discount rate	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of service cost	(1.77)	1.92	(7.42)	8.07
Effect on the aggregate of interest cost	9.63	(9.63)	-	-
Effect on the defined benefit obligation	(38.93)	42.19	(78.68)	105.60
Effect of change in salary	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of service cost	1.60	(1.51)	7.82	(7.16)
Effect on the aggregate of interest cost	-	-	-	-
Effect on the defined benefit obligation	35.10	(33.16)	99.39	(60.05)

b. Provident fund

The Company has carried out actuarial valuation as at 31 March 2018. The actuary has provided a valuation for provident fund liabilities and based on the assumption mentioned below, there is no shortfall as at 31 March 2018 and 31 March 2017.

The amount of plan assets disclosed below has been restricted to the extent of present value of benefit obligation at the year end.

The details of the fund and plan asset position are given below:

	31 March 2018	31 March 2017
Plan assets at the year end	7,352.08	6,579.19
Present value of benefit obligation at year end	7,352.08	6,579.19
Asset recognized in balance sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach.

Government of India (GOI) bond yield	7.60%	6.80%
Remaining term of maturity (in years)	12	12
Expected guaranteed interest rate	9.25%	8.65%

The Company contributed ₹ 437.69 millions during the year ended 31 March 2018 (31 March 2017: ₹ 417.32 millions)

42. FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as of 31 March 2018 is as follows: **(₹ millions)**

Particulars	Fair value through profit and loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	1,975.87	**1,975.87**
Bank balances other than cash and cash equivalents	-	-	-	136.15	**136.15**
Investment (other than investment in subsidiaries)	9,828.43	-	-	1,255.17	**11,083.60**
Trade receivables	-	-	-	5,605.81	**5,605.81**
Loans	-	-	-	2,583.44	**2,583.44**
Forward cover	-	-	1.71	-	**1.71**
Cash flow hedges	-	499.17	-	-	**499.17**
Other financial assets	-	-	-	1,945.45	**1,945.45**
Total	**9,828.43**	**499.17**	**1.71**	**13,501.89**	**23,831.20**
Financial liabilities					
Borrowings	-	-	-	1,299.60	**1,299.60**
Trade payables	-	-	-	3,114.41	**3,114.41**
Forward cover	-	-	42.78	-	**42.78**
Cash flow hedges	-	105.01	-	-	**105.01**
Other financial liabilities	-	-	-	639.63	**639.63**
Total	**-**	**105.01**	**42.78**	**5,053.64**	**5,201.43**

The carrying value of financial instruments by categories as of 31 March 2017 is as follows:

Particulars	Fair value through profit and loss	Derivative instruments in Hedging relationship	Derivative instruments not in Hedging relationship	Amortised Cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	2,520.52	**2,520.52**
Investment (other than investment in subsidiaries)	14,706.52	-	-	1,255.17	**15,961.69**
Trade receivables	-	-	-	7,107.08	**7,107.08**
Loans	-	-	-	2,592.61	**2,592.61**
Forward cover	-	-	168.94	-	**168.94**
Cash flow hedges	-	1,082.46	-	-	**1,082.46**
Other financial assets	-	-	-	1,877.34	**1,877.34**
Total	**14,706.52**	**1,082.46**	**168.94**	**15,352.72**	**31,310.64**
Financial liabilities					
Trade payables	-	-	-	4,297.74	**4,297.74**
Forward cover	-	-	1.33	-	**1.33**
Cash flow hedges	-	0.29	-	-	**0.29**
Other financial liabilities	-	-	-	545.91	**545.91**
Total	**-**	**0.29**	**1.33**	**4,843.65**	**4,845.27**

Fair Value hierarchy:

Particulars	As at 31 March 2018				As at 31 March 2017			
	Fair value measurements at reporting date using				Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets								
Investment (other than investment in Subsidiaries)	**9,828.43**	9,828.43	-	-	**14,706.52**	14,706.52	-	-
Derivative instruments								
Cash flow hedges*	**499.17**	-	499.17	-	**1,082.46**	-	1,082.46	-
Forward cover	**1.71**	-	1.71	-	**168.94**	-	168.94	-
Liabilities								
Derivative instruments								
Cash flow hedges*	**105.01**	-	105.01	-	**0.29**	-	0.29	-
Forward cover	**42.78**	-	42.78	-	**1.33**	-	1.33	-

* Cash flow hedges are routed through FVTOCI and the rest are routed through FVTPL.

43. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to the following risks:

- Credit risk
- Interest risk
- Liquidity risk
- Market risk

CREDIT RISK

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

Trade receivables

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Credit risk exposure

The Company's credit period generally ranges from 30 – 60 days. The particulars of outstanding are as below. **(₹ millions)**

Particulars	31 March 2018	31 March 2017
Trade receivables	5,605.81	7,107.08
Unbilled revenue	1,891.48	1,724.74
Total	**7,497.29**	**8,831.82**

The Company evaluates the concentration of risk with respect to trade receivables as low as they are spread across multiple geographies and multiple industries.

Financial instruments and deposits with banks

Credit risk is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investments in liquid mutual fund units and bonds issued by government. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company's borrowings are short term / working capital in nature and hence is not exposed to significant interest rate risk.

LIQUIDITY RISK

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents, deposits and investments is as below.

Particulars	31 March 2018	31 March 2017
Cash and cash equivalents	1,975.87	2,520.52
Bank balances other than cash and cash equivalents	136.15	-
Current Investments	9,627.36	14,706.52
Total	**11,739.38**	**17,227.04**

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

Financial liabilities (31 March 2018)	On demand	0-180 days	180 to 365 days	365 days and above	Total
Trade payables	294.68	2,793.02	26.71	-	**3,114.41**
Borrowings	-	1,299.60	-	-	**1,299.60**
Other financial liabilities	38.38	649.08	61.81	38.15	**787.42**
Total financial liabilities	**333.06**	**4,741.70**	**88.52**	**38.15**	**5,201.43**
Financial liabilities (31 March 2017)					
Trade payables	292.75	3,990.88	14.11	-	**4,297.74**
Other financial liabilities	30.13	506.67	-	10.73	**547.53**
Total financial liabilities	**322.88**	**4,497.55**	**14.11**	**10.73**	**4,845.27**

MARKET RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States Dollars ('USD')). The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

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

Below is the summary of foreign currency exposure of Company's financial assets and liabilities. **(₹ millions)**

31 March 2018		**Currency**			
Financial assets	**USD**	**GBP**	**EUR**	**Others**	**Total**
Trade receivables	4,032.50	267.21	239.72	224.84	**4,764.27**
Cash and cash equivalents	916.83	-	-	-	**916.83**
Other financial assets	1,029.58	119.87	138.45	41.13	**1,329.03**
Total financial assets	**5,978.91**	**387.08**	**378.17**	**265.97**	**7,010.13**
Financial liabilities					**Total**
Trade payables	861.67	29.43	5.40	9.53	**906.03**
Borowings	1,299.60	-	-	-	**1,299.60**
Other financial liabilities	3.55	-	-	-	**3.55**
Total financial liabilities	**2,164.82**	**29.43**	**5.40**	**9.53**	**2,209.18**
Net financial assets	**3,814.09**	**357.65**	**372.77**	**256.44**	**4,800.95**

31 March 2017		**Currency**			
Financial assets	**USD**	**GBP**	**EUR**	**Others**	**Total**
Trade receivables	5,527.89	317.66	71.71	287.35	**6,204.61**
Cash and cash equivalents	45.86	-	-	-	**45.86**
Other financial assets	1,363.67	125.50	38.98	34.38	**1,562.53**
Total financial assets	**6,937.42**	**443.16**	**110.69**	**321.73**	**7,813.00**
Financial liabilities					**Total**
Trade payables	2,113.26	-	-	24.64	**2,137.90**
Other financial liabilities	2.39	-	-	1.33	**3.72**
Total financial liabilities	**2,115.65**	**-**	**-**	**25.97**	**2,141.62**
Net financial assets	**4,821.77**	**443.16**	**110.69**	**295.76**	**5,671.38**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These 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 market place.

Forward contracts outstanding against receivables as at 31 March 2018 and 31 March 2017 are as below:

Currency	**31 March 2018**		**31 March 2017**	
Balance sheet hedges	**Amount (millions)**	**Amount in (₹ millions)**	**Amount (millions)**	**Amount in (₹ millions)**
USD	59.90	3,892.30	70.10	4,545.99
GBP	3.32	306.09	6.89	557.71
CAD	1.49	75.56	0.64	31.12
AUD	2.17	109.23	6.77	335.48
EUR	4.21	339.94	1.77	122.92

Forward contracts outstanding against payables as at 31 March 2018 and 31 March 2017 are as below:

Currency	**31 March 2018**		**31 March 2017**	
	Amount (millions)	**Amount in (₹ millions)**	**Amount (millions)**	**Amount in (₹ millions)**
USD	20.00	1,299.60	-	-
SGD	-	-	0.46	21.16

The foreign exchange exposure of the Company has been hedged by forward contracts disclosed above.

Sensitivity analysis

Every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.19 % for the year ending 31 March 2018 and 0.25% for the year ending 31 March 2017.

44. FAIR VALUES

Financial instruments carried at Amortised cost such as Cash and cash equivalents, Trade receivables, Loans and advances, other financial assets, Borrowings and Trade payables and other financial liabilities are considered to be same as their fair values, due to short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted Investments are based on price quotations at the reporting date.
- The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. 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 recognized at fair value.

45. HEDGING ACTIVITIES AND DERIVATIVES

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage exposure on some of its transactions. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

Cash flow hedges

Foreign currency risk

The Company has taken cash flow hedges on account of highly probable forecast transactions. These are measured at fair value through OCI
The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.
Forward contracts outstanding against cash flow hedges as at 31 March 2018 and 31 March 2017 are as below:

Currency	31 March 2018		31 March 2017	
Cash flow hedges	Amount (millions)	Amount in (₹ millions)	Amount (millions)	Amount in (₹ millions)
USD	501.50	32,587.47	220.60	14,305.91
GBP	21.52	1,985.40	15.65	1,266.12
AUD	11.53	580.35	7.26	359.93
EUR	13.49	1,089.50	3.96	274.33

Fair value of foreign currency forward contracts designated as hedging instruments are as follows: **(₹ millions)**

Particulars	31 March 2018	31 March 2017
Assets	499.17	1,082.46
Liabilities	132.49	0.29

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the expected future sales during the year ended 31 March 2018 were assessed to be highly effective and a net unrealised loss of ₹ 715.49 millions, with a deferred tax asset of ₹ 246.38 millions relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended 31 March 2017 were assessed to be highly effective and an unrealised gain of ₹ 727.76 millions with a deferred tax liability of ₹ 251.86 millions was included in OCI in respect of these contracts.

46. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by Mphasis Limited. The primary function of the Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and Technology driven community development. Gross amount required to be spent by the Company during the year was ₹ 168.57 millions (31 March 2017:₹ 129.80 millions). The expenses incurred towards CSR activities amounting to ₹ 129.12 million (31 March 2017:₹ 133.56 millions) has been charged to the statement of profit and loss and is disclosed under other expenses.

Amount spent during the year ended 31 March 2018 are as follows: **(₹ millions)**

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	Nil	Nil	Nil
On purposes other than above	129.12	Nil	129.12

Amount spent during the year ended 31 March 2017 are as follows:

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	Nil	Nil	Nil
On purposes other than above	133.56	Nil	133.56

47. Pursuant to the Share Purchase Agreement executed on 4 April 2016, Hewlett Packard Enterprise Company, the erstwhile ultimate holding company has transferred its entire stake in the Company to Marble II Pte. Limited, a company in Blackstone group, effective 1 September 2016. Further, Marble II Pte. Limited, has acquired 2,178 equity shares, from the Public Shareholders, under the Open Offer as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The shareholding of Marble II Pte. Limited, post the acquisition and Open Offer, is 127,108,444 equity shares representing 60.47% of the paid up equity share capital of the Company. Further to the above, the Company forms part of Blackstone group of companies.

48. During the previous year, the transfer of control from Hewlett Packard Enterprise Company to Blackstone group has resulted in accelerated vesting of unvested employee stock options and employee bonus, accordingly the Company has provided for deferred employee compensation cost on an accelerated basis over the remaining vesting period amounting to ₹ 39.77 millions (net of tax of ₹ 21.45 millions) and has accounted the same as exceptional item.

49. STANDARDS/ PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115- Revenue from Contract with Customers:

On 28 March 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Ind AS 115 introduces a 5-step approach to revenue recognition:

- Identify the contract(s) with a customer
- Identify the performance obligation in contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

Ind AS 115 establishes control-based revenue recognition model. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the performance obligation is transferred to the customer. Also, Ind AS 115 provides more guidance for deciding whether revenue is recognised at a point in time or over time.

Transitional options under Ind AS 115:

- Retrospectively to each prior period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to some practical expedients mentioned in Ind AS 115
- Retrospectively with the cumulative effect of initial application recognised at the date of initial application

The standard is effective for annual periods beginning on or after 1 April 2018. The Company is currently evaluating the requirements and impact of Ind AS 115 on its financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April, 2018. The Company is evaluating the impact of this amendment on its financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number:
101049W/E300004

For and on behalf of the Board of Directors

per Adarsh Ranka
Partner
Membership No. 209567

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &
Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
10 May 2018

Bengaluru
10 May 2018