Audited Condensed Standalone Interim Financial Statements
for the quarter and nine months ended 31 December 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Mphasis Limited

Opinion

We have audited the accompanying condensed standalone interim financial statements of Mphasis Limited ("the Company"), which comprise the condensed standalone interim balance sheet as at 31 December 2018, the condensed standalone interim statement of profit and loss (including other comprehensive income) for the quarter and year-to-date period then ended, the condensed standalone interim statement of changes in equity and the condensed standalone interim statement of cash flows for the year-to-date period then ended, and notes to the condensed standalone interim financial statements, including a summary of the significant accounting policies (hereinafter referred to as "the condensed standalone interim financial statements") and other explanatory information, as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed standalone interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2018, and profit and other comprehensive income for the quarter and year-to-date period then ended, changes in equity and its cash flows for the year-to-date period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the condensed standalone interim financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Condensed Standalone Interim Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these condensed standalone interim financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with

Ind AS 34 prescribed under section 133 of the Act and other accounting principles generally accepted in India. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed standalone interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Management's Responsibility for the Condensed Standalone Interim Financial Statements (continued)

In preparing the condensed standalone interim financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed standalone interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed standalone interim financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the condensed standalone interim financial statements, including the disclosures, and whether the condensed standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Corresponding figures for the quarter and nine months ended 31 December 2017 and year ended 31 March 2018 were audited by the predecessor auditor who expressed an unmodified opinion on the condensed standalone interim financial statements for the quarter and nine months ended 31 December 2017, dated 24 January 2018 and an unqualified opinion on the annual standalone financial statements for the year ended 31 March 2018, dated 10 May 2018.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Amit Somani

Bengaluru

Partner

24 Bengaluru 2019

Membership No. 060154

CONDENSED STANDALONE INTERIM BALANCE SHEET		(₹ million)
	As at 31 December 2018	As at 31 March 2018
ASSETS		
Non-current assets		
Property, Plant and Equipment	698.05	529.04
Capital work-in-progress	135.57	18.20
Intangible assets	100.69	114.89
Intangible assets under development	14.97	3.40
Financial assets		
Investments	14,982.83	15,626.75
Trade receivables	10.60	10.60
Loans	669.29	1,120.20
Other financial assets	365.98	75.25
Deferred tax assets (net)	1,020.21	829.50
Income tax assets (net)	4,075.68	3,891.43
Other non-current assets	828.76	1,502.47
Total non-current assets	**22,902.63**	**23,721.73**
Current assets		
Financial assets		
Investments	4,084.53	9,627.36
Trade receivables	3,580.56	5,595.21
Cash and cash equivalents	2,063.96	1,975.87
Bank balances other than cash and cash equivalents	-	136.15
Loans	993.64	1,463.24
Unbilled receivables (previous year: unbilled revenue)	2,432.24	1,891.48
Other financial assets	961.00	479.60
Other current assets	2,154.69	1,768.87
Total current assets	**16,270.62**	**22,937.78**
TOTAL ASSETS	**39,173.25**	**46,659.51**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,861.04	1,932.67
Other equity	28,189.65	37,141.57
Total equity	**30,050.69**	**39,074.24**

CONDENSED STANDALONE INTERIM BALANCE SHEET **(₹ million)**

	As at 31 December 2018	As at 31 March 2018
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	163.96	38.15
Employee benefit obligations	727.21	519.29
Provisions	-	50.00
Other non-current liabilities	72.09	-
Total non-current liabilities	**963.26**	**607.44**
Current liabilities		
Financial liabilities		
Borrowings	1,395.50	1,299.60
Trade payables		
-total outstanding dues of micro and small enterprises	6.37	5.96
-total outstanding dues of creditors other than micro and small enterprises	3,332.93	3,108.45
Other financial liabilities	2,173.42	749.27
Employee benefit obligations	154.05	354.94
Provisions	131.93	231.03
Income tax liabilities (net)	631.45	672.64
Other current liabilities	333.65	555.94
Total current liabilities	**8,159.30**	**6,977.83**
TOTAL EQUITY AND LIABILITIES	**39,173.25**	**46,659.51**

Explanatory notes annexed.
The explanatory notes form an integral part of these condensed standalone interim financial statements.
As per our report of even date attached.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

for **and on behalf of the Board of Directors**

Amit Somani
Partner
Membership No. 060154

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President & Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
24 January 2019

Bengaluru
24 January 2019

CONDENSED STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS **(₹ million)**

	Quarter ended 31 December 2018	Quarter ended 31 December 2017	Nine months ended 31 December 2018	Nine months ended 31 December 2017
Income				
Revenue from operations	8,622.95	8,278.70	25,392.52	24,195.59
Other income	355.83	229.71	969.48	886.51
Total income (I)	**8,978.78**	**8,508.41**	**26,362.00**	**25,082.10**
Expenses				
Employee benefits expense	3,610.06	3,427.01	10,689.17	10,334.65
Finance costs	9.63	8.60	45.75	29.80
Depreciation and amortization expense	99.20	80.04	281.05	238.78
Other expenses	2,683.20	2,639.91	8,057.91	7,626.41
Total expenses (II)	**6,402.09**	**6,155.56**	**19,073.88**	**18,229.64**
Profit before tax (III) [(I)-(II)]	**2,576.69**	**2,352.85**	**7,288.12**	**6,852.46**
Tax expenses				
Current tax	374.56	556.25	1,456.07	1,688.09
Deferred tax	11.61	(36.00)	45.08	(42.94)
Total tax expenses	**386.17**	**520.25**	**1,501.15**	**1,645.15**
Profit for the period (A)	**2,190.52**	**1,832.60**	**5,786.97**	**5,207.31**
Other comprehensive income / (losses) ('OCI')				
Items to be reclassified to profit or loss in subsequent periods				
Net change in fair value of derivatives designated as cash flow hedges	2,756.38	579.90	(703.19)	(121.50)
Income tax effect on the above	(963.19)	(200.69)	245.72	42.05
Items not to be reclassified to profit or loss in subsequent periods				
Re-measurement gains / (losses) on defined employee benefit plans	(17.32)	3.40	28.38	(25.27)
Income tax effect on the above	6.05	(1.17)	(9.92)	8.75
Total OCI for the period, net of tax (B)	**1,781.92**	**381.44**	**(439.01)**	**(95.97)**
Total comprehensive income for the period (A+B)	**3,972.44**	**2,214.04**	**5,347.96**	**5,111.34**
Earnings per equity share (par value ₹ 10 per share)				
Basic (₹)	11.34	9.49	29.95	26.39
Diluted (₹)	11.23	9.45	29.63	26.33
Weighted average number of shares – Basic	193,098,823	193,175,440	193,240,998	197,349,087
Weighted average number of shares – Diluted	194,987,869	193,963,693	195,310,892	197,764,377

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed standalone interim financial statements.
As per our report of even date attached.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

for **and on behalf of the Board of Directors**

Amit Somani
Partner
Membership No. 060154

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President &Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
24 January 2019

Bengaluru
24 January 2019

CONDENSED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. in million	₹ million
As at 1 April 2018	193.26	1,932.67
Issue of shares	0.16	1.57
Equity shares extinguished on buy back (refer note 7)	(7.32)	(73.20)
As at 31 December 2018	**186.10**	**1,861.04**
As at 1 April 2017	210.42	2,104.24
Issue of shares	0.14	1.41
Equity shares extinguished on buy back (refer note 6)	(17.37)	(173.70)
As at 31 December 2017	**193.19**	**1,931.95**

b. Other equity **(₹ million)**

	Attributable to the equity owners of the Company									
	Reserves and surplus								Items of OCI	
	Securities Premium (1)	General reserve (2)	Retained earnings (3)	Capital reserve (4)	Capital redemption reserve (5)	Special Economic Zone re-investment reserve (6)	Share based payments (7)	Treasury shares (8)	Hedging reserve (9)	Total
As at 1 April 2018	**95.18**	**742.07**	**35,308.68**	**265.16**	**173.70**	**-**	**318.23**	**-**	**238.55**	**37,141.57**
Profit for the period	-	-	5,786.97	-	-	-	-	-	-	**5,786.97**
Other comprehensive income	-	-	18.46	-	-	-	-	-	(457.47)	**(439.01)**
Dividends *	-	-	(4,661.92)	-	-	-	-	-	-	**(4,661.92)**
Buy back of equity shares (refer note 7)	(176.59)	(743.89)	(8,962.26)	-	73.20	-	-	-	-	**(9,809.54)**
Buy back expenses	-	-	(66.44)	-	-	-	-	-	-	**(66.44)**
Transferred to Special Economic Zone re-investment reserve	-	-	(1,045.08)	-	-	1,045.08	-	-	-	**-**
Transferred from Special Economic Zone re-investment reserve	-	-	279.73	-	-	(279.73)	-	-	-	**-**
Issue of bonus shares	-	-	(0.01)	-	-	-	-	-	-	**(0.01)**
Share based expenses	-	-	-	-	-	-	187.48	-	-	**187.48**
Issue of shares on exercise of stock options	81.41	1.82	-	-	-	-	(32.68)	-	-	**50.55**
As at 31 December 2018	**-**	**-**	**26,658.13**	**265.16**	**246.90**	**765.35**	**473.03**	**-**	**(218.92)**	**28,189.65**

* Including dividend distribution tax amounting to ₹ 794.88 million.

CONDENSED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY **(₹ million)**

	Attributable to the equity owners of the Company									
	Reserves and surplus								Items of OCI	
	Securities Premium (1)	General reserve (2)	Retained earnings (3)	Capital reserve (4)	Capital redemption reserve (5)	Special Economic Zone re-investment reserve (6)	Share based payments (7)	Treasury shares (8)	Hedging reserve (9)	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 period	-	-	5,207.31	-	-	-	-	-	-	**5,207.31**
Other comprehensive income	-	-	(16.52)	-	-	-	-	-	(79.45)	**(95.97)**
Dividends *	-	-	(3,951.45)	-	-	-	-	-	-	**(3,951.45)**
Buy back of equity shares (refer note 6)	(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	-	1.09	-	-	-	-	-	-	-	**1.09**
Share based expenses	-	-	-	-	-	-	94.12		-	**94.12**
Issue of shares on exercise of stock options	56.68	-	-	-	-	-	(7.15)	0.45	-	**49.98**
As at 31 December 2017	**56.68**	**1.09**	**33,865.18**	**265.16**	**173.70**	**-**	**277.44**	**-**	**628.21**	**35,267.46**

* Including dividend distribution tax amounting to ₹ 668.37 million.

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of each reserve:

1. **Securities premium** - Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.
2. **General reserve** - General reserve represents appropriation of profits. This represents a free reserve and is available for dividend distributions. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.
3. **Retained earnings** - Retained earnings comprises of prior and current year’s undistributed earnings after tax.
4. **Capital reserve** - Created on receipts from liquidation of employees benefit trust.
5. **Capital Redemption Reserve** - Capital Redemption Reserve is created to the extent of 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. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.
6. **Special Economic re-investment reserve** – The Special Economic Zone Re-investment Reserve has been created out of the profits of eligible SEZ units in accordance with the provisions of section 10AA(1)(ii) of Income Tax Act,1961. The reserve is required to be utilized by the Company for acquiring new plant and machinery for the purpose of its business.
7. **Share based payments** - 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.
8. **Treasury shares** - Represents equity shares of the Company held by the controlled trusts. These are recorded at acquisition cost.

CONDENSED STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY

9. **Hedging reserve** - Changes in the fair value of financial instruments designated and effective as a hedge are recognized in this reserve through OCI (net of taxes). Amounts recognized in the hedging reserve are reclassified to the statement of profit and loss when the underlying transaction occurs.

Explanatory notes annexed.
The explanatory notes form an integral part of these condensed standalone interim financial statements.
As per our report of even date attached.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Bengaluru
24 January 2019

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
24 January 2019

CONDENSED STANDALONE INTERIM STATEMENT OF CASH FLOWS **(₹ million)**

	Nine months ended 31 December 2018	Nine months ended 31 December 2017
Operating activities		
Profit before tax	**7,288.12**	**6,852.46**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	281.05	238.84
Utilization of the rent equalisation reserve	346.66	419.05
Profit on sale of Property, Plant and Equipment and Intangible assets	(7.10)	(6.15)
Net gain on investments carried at fair value through profit and loss	(604.52)	(545.55)
Amortized cost of deposits	(4.09)	(4.34)
Share based payment expenses	68.10	66.38
Finance costs	45.75	14.06
Interest income	(88.90)	(97.79)
Effect of exchange rate changes (gain) / loss	54.50	(0.95)
Operating profit before working capital changes	**7,379.57**	**6,936.01**
Working capital changes		
(Increase) / decrease in trade receivables and unbilled receivables	1,473.89	1,396.57
(Increase) / decrease in loans	1,100.12	231.96
(Increase) / decrease in other financial assets	(658.26)	121.31
(Increase) / decrease in other assets	(41.33)	(38.17)
Increase / (decrease) in trade payables	212.95	(630.48)
Increase / (decrease) in other financial liabilities	799.00	825.98
Increase / (decrease) in provisions and employee benefit obligations	(113.69)	(390.04)
Increase / (decrease) in other liabilities	(222.29)	105.97
Total working capital changes	**2,550.39**	**1,623.10**
Income tax paid (net of refunds)	(1,681.50)	(1,477.38)
Net cash flow from operating activities (A)	**8,248.46**	**7,081.73**
Investing activities		
Purchase of Property, Plant and Equipment and Intangible assets	(514.99)	(160.18)
Proceeds from sale of Property, Plant and Equipment and Intangible assets	11.65	10.24
Purchase of investments	(39,242.58)	(27,818.00)
Sale of investments	46,033.85	33,866.20
Interest received	87.76	38.96
Investments in bank deposits	(133.17)	(27.00)
Redemption / maturity of bank deposits	136.15	-
Net cash flow from investing activities (B)	**6,378.67**	**5,910.22**

CONDENSED STANDALONE INTERIM STATEMENT OF CASH FLOWS **(₹ million)**

	Nine months ended 31 December 2018	Nine months ended 31 December 2017
Financing activities		
Proceeds from issue of shares	52.11	1.65
Payment towards buy back of shares (including buy-back expenses ₹ 54.50 and ₹ 30.34 respectively)	(9,937.24)	(11,060.34)
Repayment of borrowings	(1,371.13)	(1,296.50)
Availment of borrowings	1,393.99	2,579.15
Interest paid	(23.05)	(14.06)
Dividends paid (including tax on dividend of ₹ 794.88 and ₹ 668.37 respectively)	(4,653.72)	(3,949.12)
Net cash flow used in financing activities (C)	**(14,539.04)**	**(13,739.22)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**88.09**	**(747.27)**
Cash and cash equivalents at the beginning of the period	1,975.87	2,520.52
Cash and cash equivalents at the end of the period	**2,063.96**	**1,773.25**
Components of cash and cash equivalents		
In current accounts	2,021.61	705.17
Deposits with original maturity of less than 3 months	20.48	1,054.24
Unclaimed dividend	21.87	13.84
Total cash and cash equivalents	**2,063.96**	**1,773.25**

Explanatory notes annexed.
The explanatory notes form an integral part of these condensed standalone interim financial statements.
As per our report of even date attached.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

for **and on behalf of the Board of Directors**

Amit Somani
Partner
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Nitin Rakesh
Chief Executive Officer

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Executive Vice President & Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
24 January 2019

Bengalure
24 January 2019

EXPLANATORY NOTES TO THE CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

1. Corporate information

The condensed standalone interim financial statements comprise financial statements of Mphasis Limited, its branch and controlled ESOP trusts for the quarter and nine months ended 31 December 2018. The Company 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 located 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 condensed standalone interim financial statements for the quarter and nine months ended 31 December 2018 are approved by the Board of Directors on 24 January 2019.

List of Trusts that are consolidated

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

2. Statement of Compliance

The condensed standalone interim financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

3. Significant Accounting Policies

Basis of preparation

The condensed standalone interim financial statements have been prepared on a historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been measured at fair value.

- Derivative financial instruments.
- Investments classified as Fair Value Through Profit or Loss ('FVTPL') .
- Fair value of plan assets less present value of defined benefit obligations.

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

The Company has followed the same accounting policies in preparation of the condensed standalone interim financial statements as those followed in preparation of the annual standalone financial statements as at and for the year ended 31 March 2018 except in case of revenue recognition due to adoption of Ind AS 115. These condensed standalone interim financial statements should be read in conjunction with the audited standalone financial statements and the related notes for the year ended 31 March 2018.

Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company derives its revenues primarily from rendering application development and maintenance services, infrastructure outsourcing services, call centre and business & knowledge process outsourcing operations, licensing arrangements and trading of third party hardware / software.

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2 "Significant Accounting Policies" in the standalone financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenue recognized prior to 1 April 2018.The adoption of the standard did not have any material impact on the financial statements of the Company.

Revenues from rendering application development and maintenance services comprise income from time-and-material and fixed price contracts. Revenues from call centre and business & knowledge process outsourcing operations arise from both time-based and unit-priced contracts. Revenues from infrastructure outsourcing services arise from time-based, unit-priced and fixed price contracts.

Revenue from time and material, unit-priced contracts is recognized on an output basis, measured by units delivered, efforts expended etc.

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.

Revenue from fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight-lined over the period of performance.

Revenue from rendering services to group companies is recognized over a period of time, as and when the services are rendered, as per the terms of the contract.

Revenue from license transactions is recognised upfront at the point in time when the license is delivered to the customer, simultaneously with the transfer of control.

Revenue from bundled contracts is recognized separately for each performance obligation based on their allocated transaction price.

In cases where implementation and / or customisation services rendered significantly modifies or customises the license, these services and license are accounted for as a single performance obligation and revenue is recognised over time 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.

Revenue from the sale of distinct third-party hardware is recognised at the point in time when control is transferred to the customer.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party goods are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue from sale of services is measured based on the transaction price, which is the consideration, adjusted for discounts and pricing incentives, if any, as specified in the contract with the customer. 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.

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets have been disclosed as contract assets within other assets. Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Contract modifications: Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Use of significant judgements in revenue recognition:

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where stand-alone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such good or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Use of the percentage-of completion method in accounting for its fixed-price contracts 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. Judgement is also exercised in determining provisions for estimated losses, if any, on uncompleted contracts based on the expected contract cost estimates as at the reporting date.
- Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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.

The Company disaggregates revenue from contracts with customers by verticals, geography, services rendered, delivery location and project type (refer note 11).

4. Financial instruments

As at 31 December 2018, the carrying value of financial instruments by categories is as follows: **(₹ million)**

Particulars	Fair value through profit and loss	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortized cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	2,063.96	**2,063.96**
Investments (other than investment in subsidiaries)	4,084.53	-	-	812.32	**4,896.85**
Trade receivables	-	-	-	3,591.16	**3,591.16**
Loans	-	-	-	1,662.93	**1,662.93**
Derivative assets	-	478.73	45.85	-	**524.58**
Unbilled receivables	-	-	-	2,432.24	**2,432.24**
Other financial assets	-	-	-	802.40	**802.40**
Total	**4,084.53**	**478.73**	**45.85**	**11,365.01**	**15,974.12**
Financial liabilities					
Borrowings	-	-	-	1,395.50	**1,395.50**
Trade payables	-	-	-	3,339.30	**3,339.30**
Derivative liabilities	-	815.24	8.05	-	**823.29**
Other financial liabilities	-	-	-	1,514.09	**1,514.09**
Total	**-**	**815.24**	**8.05**	**6,248.89**	**7,072.18**

As at 31 March 2018, the carrying value of financial instruments by categories is as follows:

Particulars	Fair value through profit and loss	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortized 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**
Investments (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**
Derivative assets	-	499.17	1.71	-	**500.88**
Unbilled revenue	-	-	-	1,891.48	**1,891.48**
Other financial assets	-	-	-	53.97	**53.97**
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**
Derivative liabilities	-	105.01	42.78	-	**147.79**
Other financial liabilities	-	-	-	639.63	**639.63**
Total	**-**	**105.01**	**42.78**	**5,053.64**	**5,201.43**

Fair value hierarchy:

Particulars	As at 31 December 2018				As at 31 March 2018			
	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								
Investments	**4,084.53**	2,056.97	-	2,027.56	**9,828.43**	9,828.43	-	-
Derivative assets	**524.58**	-	524.58	-	**500.88**	-	500.88	-
Liabilities								
Derivative liabilities	**823.29**	-	823.29	-	**147.79**	-	147.79	-

5. During the previous year, upon assessment of future profitability, the Company provided an amount of ₹ 130.78 million (net of tax ₹ 69.22 million) towards expected losses in relation to a revenue contract with a customer. The closing balance as at 31 December 2018 is ₹ 50.90 million (31 March 2018: ₹ 200.00 million).

6. During the quarter ended 30 June 2017, The Company had 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 consideration of ₹ 11,030.00 million. The shares accepted by the Company under the buyback scheme were 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 million to Capital Redemption Reserve representing face value of equity shares bought back.

7. During the quarter ended 31 December 2018, the Company has completed the buyback of 7,320,555 fully paid-up equity shares of face value ₹ 10 each ("equity shares"), representing 3.79% of the total paid-up equity share capital of the Company, at a price of ₹ 1,350 per equity share for an aggregate consideration of ₹ 9,882.75 million. In line with the requirement of the Companies Act, 2013, an amount of ₹ 176.59 million, ₹ 743.89 million and ₹ 8,962.26 million has been utilized from securities premium, general reserve and retained earnings respectively. The shares accepted under the buyback have been extinguished on 28 December 2018 and the paid-up equity share capital of the Company has been reduced to that extent. Subsequent to completion of the buyback, the Company has transferred ₹ 73.20 million to the Capital Redemption Reserve representing face value of equity shares bought back.

8. The Board of Directors, in its meeting held on 10 May 2018 had proposed the final dividend of ₹ 20 per share for the year ended 31 March 2018. The dividend proposed by the Board of Directors has been approved by the shareholders' in the Annual General meeting held on 7 August 2018.

9. Contingent liabilities

The Company has received assessment orders for the financial years ended 31 March 2005, 31 March 2007, 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 ₹ 3,815.72 million (31 March 2018: ₹ 3,085.21 million) 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 amounting to ₹ 8,748.33 million (31 March 2018: ₹ 6,971.23 million) net of bank guarantees aggregating to ₹ 6,661.95 million (31 March 2018: ₹ 6,662.76 million). The management, basis internal evaluation and legal opinion is of the view that these demands are not tenable.

Other outstanding bank guarantees as at 31 December 2018: ₹ 1,766.34 million (31 March 2018: ₹ 576.69 million) pertains to guarantees on behalf of the Company to customers and regulatory authorities.

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.

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 December 2018: ₹ 207.46 million (31 March 2018: ₹ 230.09 million).

10. Segment reporting

The Company publishes the condensed interim standalone financial statements along with the condensed consolidated interim financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the condensed consolidated interim financial statements.

11. Disaggregation of revenue

Business verticals **(₹ million)**

	Quarter ended 31 December 2018	**Quarter ended 31 December 2017**	**Nine months ended 31 December 2018**	**Nine months ended 31 December 2017**
Banking and Capital Market	3,440.52	3,054.00	10,041.15	8,749.66
Insurance	1,779.69	1,674.11	5,178.11	5,046.67
Information Technology, Communication and Entertainment	1,364.80	1,016.88	3,839.77	2,985.20
Emerging Industries	2,351.99	2,161.25	6,975.18	6,218.12
Unallocated - Hedge	(314.05)	372.46	(641.69)	1,195.94
Total segment revenue	**8,622.95**	**8,278.70**	**25,392.52**	**24,195.59**

Geographic revenues

	Quarter ended 31 December 2018	**Quarter ended 31 December 2017**	**Nine months ended 31 December 2018**	**Nine months ended 31 December 2017**
USA	6,459.15	5,764.11	18,608.58	16,640.90
India	1,114.40	1,038.42	3,439.52	3,040.00
APAC	343.30	277.14	1,011.04	844.15
EMEA	1,020.15	826.57	2,975.07	2,474.60
Unallocated - Hedge	(314.05)	372.46	(641.69)	1,195.94
Total	**8,622.95**	**8,278.70**	**25,392.52**	**24,195.59**

Services rendered				**(₹ million)**
	Quarter ended 31 December 2018	**Quarter ended 31 December 2017**	**Nine months ended 31 December 2018**	**Nine months ended 31 December 2017**
Application development	2,096.05	1,532.12	5,707.16	4,350.81
Application maintenance & other services	3,777.68	3,438.93	11,041.60	10,339.68
Infrastructure management services	1,817.84	1,797.94	5,640.27	5,227.32
Transaction processing service	862.56	716.87	2,448.72	1,894.83
Other services	382.87	420.38	1,196.46	1,187.01
Unallocated - Hedge	(314.05)	372.46	(641.69)	1,195.94
Total	**8,622.95**	**8,278.70**	**25,392.52**	**24,195.59**

Delivery location	**Quarter ended 31 December 2018**	**Quarter ended 31 December 2017**	**Nine months ended 31 December 2018**	**Nine months ended 31 December 2017**
Onsite	1,021.95	1,068.64	2,931.12	3,123.35
Offshore	7,915.05	6,837.60	23,103.09	19,876.30
Unallocated - Hedge	(314.05)	372.46	(641.69)	1,195.94
Total	**8,622.95**	**8,278.70**	**25,392.52**	**24,195.59**

Project type	**Quarter ended 31 December 2018**	**Quarter ended 31 December 2017**	**Nine months ended 31 December 2018**	**Nine months ended 31 December 2017**
Fixed price	3,018.61	3,584.02	8,735.95	7,856.68
Time and material	5,918.39	4,322.22	17,298.26	15,142.97
Unallocated - Hedge	(314.05)	372.46	(641.69)	1,195.94
Total	**8,622.95**	**8,278.70**	**25,392.52**	**24,195.59**

12. Related party transactions

During the quarter ended 30 September 2018 the Company paid an amount of ₹ 2,024.62 million to Marble II Pte Ltd., the holding company towards final dividend as approved by the shareholders in the Annual General Meeting.

During the quarter ended 31 December 2018 the Company paid an amount of ₹ 5,282.65 million to Marble II Pte Ltd., the holding company, towards buy-back of shares as approved by the shareholders in the Annual General Meeting.

Other than the above, the Company's material related party transactions during the period and outstanding balances as on date are with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

13. The corresponding figures as at 31 March 2018 and for the quarter and nine months ended 31 December 2017 were audited by a firm, other than B S R & Co. LLP.

As per our report of even date attached.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number:
101248W/W-100022

for **and on behalf of the Board of Directors**

Amit Somani
Partner
Membership No. 060154

Nitin Rakesh
Chief Executive Officer

Narayanan Kumar
Director

V. Suryanarayanan
Executive Vice President & Chief Financial Officer

Subramanian Narayan
Vice President & Company Secretary

Bengaluru
24 January 2019

Bengaluru
24 January 2019