Audited Standalone Financial Statements
for the year ended 31 March 2019

STANDALONE BALANCE SHEET			(₹ million)
	Notes	**As at 31 March 2019**	**As at 31 March 2018**
ASSETS			
Non-current assets			
Property, plant and equipment	3	886.05	529.04
Capital work-in-progress		15.77	18.20
Other intangible assets	4	90.35	114.89
Intangible assets under development		13.41	3.40
Financial assets			
Investments	5	14,982.29	15,626.75
Trade receivables	6	10.60	10.60
Loans	7	702.06	1,120.20
Other financial assets	8	612.10	75.25
Deferred tax assets (net)	20	712.01	829.50
Income tax assets (net)	20	4,402.10	3,891.43
Other assets	9	840.87	1,502.47
Total non-current assets		**23,267.61**	**23,721.73**
Current assets			
Financial assets			
Investments	10	5,864.70	9,627.36
Trade receivables	6	5,017.52	5,595.21
Unbilled receivables (previous year: unbilled revenue)		2,818.67	1,891.48
Loans	7	1,032.18	619.27
Cash and cash equivalents	11.a	1,438.31	1,975.87
Bank balances other than cash and cash equivalents	11.b	27.03	136.15
Other financial assets	8	1,134.84	1,323.57
Other assets	9	2,176.20	1,768.87
Total current assets		**19,509.45**	**22,937.78**
TOTAL ASSETS		**42,777.06**	**46,659.51**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,862.26	1,932.67
Other equity	13	30,773.97	37,141.57
Total equity		**32,636.23**	**39,074.24**

STANDALONE BALANCE SHEET **(₹ million)**

	Notes	As at 31 March 2019	As at 31 March 2018
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	14	39.57	38.15
Employee benefit obligations	15	778.59	519.29
Provisions	16	-	50.00
Other liabilities	17	91.52	-
Total non-current liabilities		**909.68**	**607.44**
Current liabilities			
Financial liabilities			
Borrowings	18	2,383.10	1,299.60
Trade payables	19		
- outstanding dues to micro and small enterprises		4.87	5.96
- outstanding dues to creditors other than micro and small enterprises		3,321.10	3,108.45
Other financial liabilities	14	1,786.13	749.27
Employee benefit obligations	15	180.52	354.94
Provisions	16	83.23	231.03
Income tax liabilities (net)	20	1,101.03	672.64
Other liabilities	17	371.17	555.94
Total current liabilities		**9,231.15**	**6,977.83**
TOTAL EQUITY AND LIABILITIES		**42,777.06**	**46,659.51**
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 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

Paris
27 May 2019

Paris
27 May 2019

STANDALONE STATEMENT OF PROFIT AND LOSS			(₹ million)
	Notes	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Income			
Revenue from operations	21	34,340.19	32,748.71
Other income	22	1,185.86	1,216.16
Total income (I)		**35,526.05**	**33,964.87**
Expenses			
Employee benefits expense	23	14,411.37	13,915.52
Finance costs	24	66.74	52.38
Depreciation and amortization expense	25	383.85	317.89
Other expenses	26	10,937.09	10,243.56
Total expenses (II)		**25,799.05**	**24,529.35**
Profit before exceptional item and tax (III) [(I)-(II)]		**9,727.00**	**9,435.52**
Exceptional item (net of tax) (IV)	41	-	130.78
Profit before tax (III)-(IV)		**9,727.00**	**9,304.74**
Tax expenses	20		
Current tax		1,994.99	2,183.56
Deferred tax		37.68	(277.73)
Total tax expenses		**2,032.67**	**1,905.83**
Profit for the year before exceptional item		**7,694.33**	**7,529.69**
Profit for the year after exceptional item (A)		**7,694.33**	**7,398.91**
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		227.90	(715.49)
Income tax effect on the above		(79.64)	246.38
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains / (losses) on defined employee benefit plans		0.49	(38.67)
Income tax effect on the above		(0.17)	13.94
Total OCI for the year, net of tax (B)		**148.58**	**(493.84)**
Total comprehensive income for the year (A+B)		**7,842.91**	**6,905.07**
Earnings per equity share before exceptional item (par value ₹ 10 per share)	27		
Basic (₹)		40.18	38.35
Diluted (₹)		39.78	38.29
Earnings per equity share after exceptional item (par value ₹ 10 per share)	27		
Basic (₹)		40.18	37.69
Diluted (₹)		39.78	37.63

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 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

Paris
27 May 2019

Paris
27 May 2019

STANDALONE 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 2017	210.42	2,104.24
Issue of shares	0.21	2.13
Equity shares extinguished on buy back [refer note 12(d)(ii a)]	(17.37)	(173.70)
As at 31 March 2018	**193.26**	**1,932.67**
As at 1 April 2018	193.26	1,932.67
Issue of shares	0.28	2.80
Equity shares extinguished on buy back [refer note 12(d) (ii b)]	(7.32)	(73.21)
As at 31 March 2019	**186.22**	**1,862.26**

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 ('CRR') (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 year	-	-	7,398.91	-	-	-	-	-	-	**7,398.91**
Other comprehensive income	-	-	(24.73)	-	-	-	-	-	(469.11)	**(493.84)**
Dividends *	-	-	(3,951.45)	-	-	-	-	-	-	**(3,951.45)**
Buy back of equity shares [refer note 12(d)(ii a)]	(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)	-	-	-	-	-	-	**-**
Share based expenses	-	-	-	-	-	-	199.02		-	**199.02**
Issue of shares on exercise of stock options	95.18	2.18	-	-	-	-	(71.26)	0.45	-	**26.55**
As at 31 March 2018	**95.18**	**742.07**	**35,308.68**	**265.16**	**173.70**	**-**	**318.23**	**-**	**238.55**	**37,141.57**

* Including dividend distribution tax amounting to ₹ 668.37 million.

STANDALONE 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 ('CRR') (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 year	-	-	7,694.33	-	-	-	-	-	-	**7,694.33**
Other comprehensive income	-	-	0.32	-	-	-	-	-	148.26	**148.58**
Dividends *	-	-	(4,661.87)	-	-	-	-	-	-	**(4,661.87)**
Buy back of equity shares [refer note 12(d)(ii b)]	(176.59)	(743.89)	(8,962.27)	-	73.21	-	-	-	-	**(9,809.54)**
Buy back expenses	-	-	(66.44)	-	-	-	-	-	-	**(66.44)**
Transferred to Special Economic Zone re-investment reserve	-	-	(1,411.16)	-	-	1,411.16	-	-	-	**-**
Transferred from Special Economic Zone re-investment reserve	-	-	416.98	-	-	(416.98)	-	-	-	**-**
Transfer to general reserve	-	769.43	(769.43)	-	-	-	-	-	-	**-**
Issue of bonus shares	-	-	(0.01)	-	-	-	-	-	-	**(0.01)**
Share based expenses	-	-	-	-	-	-	226.45	-	-	**226.45**
Issue of shares on exercise of stock options	150.67	1.93	-	-	-	-	(51.70)	-	-	**100.90**
As at 31 March 2019	**69.26**	**769.54**	**27,549.13**	**265.16**	**246.91**	**994.18**	**492.98**	**-**	**386.81**	**30,773.97**

* Including dividend distribution tax amounting to ₹ 794.88 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** - Represents receipts, during the year ended 31 October 2012 upon termination of Mphasis Employee Welfare Trust, in accordance with the Declaration of Trust made for administration of share-based payment plan in relation to erstwhile employees of Mphasis Corporation. The net assets of the Trust were transferred to the Company upon completion of its objectives in accordance with the provisions of the said Declaration of Trust. The same will be utilised for the purposes as permitted by the Companies Act, 2013.
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.

STANDALONE STATEMENT OF CHANGES IN EQUITY

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 cost.
9. **Hedging reserve** - Cumulative 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.

Summary of significant policies. (Note 2)

The accompanying notes are an integral part of the standalone 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

Paris
27 May 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

Paris
27 May 2019

STANDALONE STATEMENT OF CASH FLOWS

		(₹ million)
	Year ended 31 March 2019	**Year ended 31 March 2018**
Operating activities		
Profit before tax	**9,727.00**	**9,435.52**
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortization expense	383.85	317.93
Utilization of the rent equalisation reserve	412.43	574.06
Profit on sale of property, plant and equipment and intangible assets	(23.17)	(7.46)
Net gain on investments carried at fair value through profit and loss	(706.40)	(752.02)
Amortized cost of deposits	(4.27)	(6.20)
Share based payment expenses	79.76	89.10
Provision for expected credit loss	42.67	(20.24)
Provision against investment in subsidiary	4.38	-
Finance costs	66.74	23.40
Interest income	(102.11)	(122.70)
Dividend income	(0.04)	-
Unrealized exchange loss, net	87.76	16.93
Operating profit before working capital changes	**9,968.60**	**9,548.32**
Working capital changes		
(Increase) / decrease in trade receivables and unbilled receivables	(419.29)	1,521.51
(Increase) / decrease in loans	193.56	200.84
(Increase) / decrease in other financial assets	191.30	(0.79)
(Increase) / decrease in other assets	(139.40)	(259.42)
Increase / (decrease) in trade payables	211.56	(1,183.33)
Increase / (decrease) in other financial liabilities	825.01	106.35
Increase / (decrease) in provisions and employee benefit obligations	(112.43)	(342.51)
Increase / (decrease) in other liabilities	(185.74)	314.28
Total working capital changes	**564.57**	**356.93**
Income tax paid (net of refunds)	(2,077.27)	(2,245.22)
Net cash flows generated from operating activities (A)	**8,455.90**	**7,660.03**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(702.16)	(213.11)
Proceeds from sale of property, plant and equipment and intangible assets	28.73	13.48
Purchase of investments	(50,331.68)	(42,724.54)
Sale of investments	55,440.85	48,354.65
Interest received	131.12	113.48
Dividends received	0.04	-
Re-investment of dividend	(0.04)	-
Investments in bank deposits	(187.18)	(27.00)
Redemption / maturity of bank deposits	163.15	-
Net cash flows generated from investing activities (B)	**4,542.83**	**5,516.96**

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

	Year ended 31 March 2019	Year ended 31 March 2018
Financing activities		
Proceeds from issue of shares	103.69	28.72
Payment towards buy back of shares (including buy-back expenses ₹ 66.44 and ₹ 30.34 respectively)	(9,949.19)	(11,060.34)
Repayment of borrowings	(1,371.13)	(2,567.49)
Availment of borrowings	2,393.99	3,850.16
Interest paid	(58.83)	(23.40)
Dividends paid (including tax on dividend of ₹ 794.88 and ₹ 668.37 respectively)	(4,654.82)	(3,949.29)
Net cash flows used in financing activities (C)	**(13,536.29)**	**(13,721.64)**
Net decrease in cash and cash equivalents (A+B+C)	**(537.56)**	**(544.65)**
Cash and cash equivalents at the beginning of the year	1,975.87	2,520.52
Cash and cash equivalents at the end of the year [refer note 11(a)]	**1,438.31**	**1,975.87**

Summary of significant accounting policies. (Note 2)

The accompanying notes are an integral part of the standalone 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

Paris
27 May 2019

Paris
27 May 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. **CORPORATE INFORMATION**

Mphasis Limited ('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 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 2019 have been approved by the Board of Directors on 27 May 2019.

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 Employees Benefit Trust.
- Mphasis Employees Equity Reward Trust.

Statement of compliance

The 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 (as amended from time to time).

2. **SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF PREPARATION

The standalone 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 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.

The Company has consistently applied the following accounting policies to all periods presented in these standalone financial statements, except for the adoption of Ind AS 115 – Revenue from Contracts with Customers, which was adopted with effect from 1 April 2018.

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.

Application of accounting policies that require critical accounting estimates involving judgments and the use of assumptions in the standalone financial statements have been disclosed below:

- **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 value in use calculation is based on a discounted cash flow ('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.

- **Taxes**

  The Company's major tax jurisdictions is in India. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile. A tax assessment could involve complex issues, which can only be resolved over extended time periods. (refer note 20).

  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.

- **Defined benefit plans**

  The cost of the defined benefit gratuity plan, compensated absences and the present value of the defined benefit obligation are determined based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. 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, future attrition rates and mortality rates. Due to the complexities involved in the valuation, the underlying assumptions 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 35).

  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, the 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.

- **Useful lives of property, plant and equipment**

  The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

- **Revenue recognition**

  Refer the below policy on revenue recognition for discussion on judgements and estimates on revenue.

REVENUE RECOGNITION

Policy applicable from 1 April 2018

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 and licensing arrangements.

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. 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 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 revenues.

The Company recognises an onerous contract provision when it is probable that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received

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. The billing schedules agreed with customers could include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period. 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. The Company has applied the practical expedient provided by Ind AS 115, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. 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 allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- 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 standalone 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 business verticals, geography, services rendered, delivery location and project type (refer note 33).

Policy applicable before 1 April 2018

Refer note 2 "Significant Accounting Policies" in the Company's standalone financial statements as at and for the year ended 31 March 2018 for the accounting policies that were in effect for revenues recognized prior to 1 April 2018.

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. Cost includes expenditure directly attributable to the acquisition. 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. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. All other Repairs and maintenance costs are recognised in the statement of profit and 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 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.

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the assets. Leasehold land is amortised over the lease term. Freehold land is not depreciated.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed under 'other assets'. The cost of property, plant and equipment not ready to use before the balance sheet date is disclosed under 'Capital work in progress'.

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. Gains or losses arising from de-recognition of Property, plant and equipment and intangible assets 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.

DEPRECIATION AND AMORTIZATION

Depreciation on Property, plant and equipment and intangible assets 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. Depreciation / amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate. The useful lives estimated by the management are given below:

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	4 to7
Server and networks	6	6
Software	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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded as finance costs in the standalone statement of profit or loss and other comprehensive income.

Assets acquired under finance lease are depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 year they occur.

IMPAIRMENT

a. Financial assets (other than at fair value)

For financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables and other financial assets, the Company assesses at each date of balance sheet whether the asset is impaired. Ind AS 109 (‘Financial instruments’) requires expected credit losses to be measured through a loss allowance. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted using the effective interest rate. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables. 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.

b. 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

Non-derivative financial instruments

Non-derivative financial instruments consist of the following:

- financial assets, which include cash and cash equivalents, deposits with banks, trade receivables, unbilled receivables, investments in equity and debt securities and eligible current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, finance lease liabilities, bank overdrafts, trade payables, eligible current and non-current liabilities.

Non-derivative financial instruments are recognised when the Company becomes a party to the contract that gives rise to financial assets and 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.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

a. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks with an original maturity of less than or up to three months. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system.

b. Financial assets at amortised cost

Financial assets (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition) 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.

c. Financial assets at fair value through other comprehensive income

Financial assets (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition) are measured at fair value through other comprehensive income ('FVTOCI') 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. Interest income is recognized in the statement of profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to the standalone statement of profit and loss and other comprehensive income.

d. Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL unless it is measured at amortised cost or at FVTOCI 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 assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the statement of profit and loss. The gain or loss on disposal is recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss and other comprehensive income for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

e. Other financial assets

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled receivables, deposits with banks and other assets.

f. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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 is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

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

Subsequent to initial recognition, derivative financial instruments are measured as described below.

a. 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.

b. Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains, net.

Changes in fair value and gains/(losses) on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded as foreign exchange gains/ (losses).

c. De-recognition of financial instruments

Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset. 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.

d. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amounts are presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (refer note 36).

When a quote is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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.

f. 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 —Inputs are quoted prices (unadjusted) 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

a. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company. Contributions to defined contribution schemes such as Provident Fund, Employee State Insurance Scheme and other social security schemes are charged to the standalone statement of profit or loss and other comprehensive income on an accrual basis.

b. Gratuity

The Company has a defined benefit gratuity plan that provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment in accordance with “The Payment of Gratuity Act, 1972”. The amount is based on the respective employee's last drawn salary and the tenure of employment with the Company.

Gratuity, which is a defined benefit plan, is determined based on an independent actuarial valuation, which is carried out based on the project unit credit method. 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 recognised in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS read with Schedule III to Companies Act, 2013, the Company transfers it immediately to retained earnings. The discount rate is based on the yield of securities issued by the Government of India.

c. Compensated absences

The Company has a policy on compensated absences that is both accumulating and non-accumulating in nature. Non-accumulating compensated absences are measured on an undiscounted basis and are recognized in the period in which absences occur. The cost of short term compensated absences are provided for based on estimates. The expected cost of accumulating compensated absences is determined by actuarial valuation at each balance sheet date measured based on the amounts expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefits for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the standalone statement of profit and loss and other comprehensive income. The Company presents the entire obligation for compensated absences as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months from the reporting date.

d. Provident fund

Mphasis Limited has established a Provident Fund Trust to which contributions towards provident fund are made on a monthly basis. The Provident Fund Trust guarantees a specified rate of return on such contributions on a periodical basis. The contributions to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the fund assets based on the Government specified minimum rates of return.

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 units generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes valuation model. The expected term of an option is estimated based on the vesting term and contractual life of the option. Expected volatility during the expected term of the option is based on the historical volatility of similar companies. Risk free interest rates are based on the government securities yield in effect at the time of the grant.

The cost of equity settled transactions is recognised, together with a corresponding increase in share-based payment (SBP) reserve in equity, over the period in which the performance and/or service conditions are fulfilled. 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. Debit or credit in Statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

FOREIGN CURRENCIES

Transactions and balances

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. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at an exchange rate that approximates the rate prevalent on the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

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 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. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

- **Deferred income tax**

  Deferred income tax assets and liabilities 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. 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 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.

  Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as an income or expense in the period that includes the enactment or substantive enactment date.

  Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

  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. In the year in which the MAT credit becomes eligible to be recognized as an asset, it is recorded by way of a credit to the statement of comprehensive income and shown as deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified future period.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

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 are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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 the Company's owners for the year by the weighted average number of equity shares outstanding during the year adjusted for treasury shares held.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and 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.

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 is 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. When the grant relates to a capital asset, it is presented by deducting the grant in arriving at the carrying amount 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.

STANDARDS / PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1 April 2019.

Ind AS 116 – Leases

Ind AS 116 will replace the current guidance in Ind AS 17, 'Leases'. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 with effect from annual reporting periods beginning on 1 April 2019. The Company has chosen to apply the standard retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application i.e. 1 April 2019. Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company will recognise with effect from 1 April 2019 new assets and liabilities for its operating leases of premises and other assets.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under Ind AS 116, the nature of expenses related to those leases will change from lease rent in previous periods to amortisation charge for the right- to use asset and interest accrued on lease liability.

The Company is evaluating the effect of Ind AS 116 on its standalone financial statements.

Ind AS 19, 'Employee Benefits'

Limited amendments to Ind AS 19 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company does not expect this amendment to have any significant impact on its financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is evaluating the effect of the said amendment on its standalone financial statements.

Amendment to Ind AS 12 – 'Income Taxes'

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is akin to taxes paid on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Company is evaluating the effect of the said amendment on its standalone financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

(₹ million)

	Plant and equipment	Computer equipment	Servers and networks	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost								
At 1 April 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	-	0.17	**150.12**
Disposals	(2.08)	(4.04)	(43.64)	(0.11)	(0.16)	(15.28)	-	**(65.31)**
At 31 March 2018	**91.28**	**451.21**	**295.50**	**71.81**	**33.99**	**66.69**	**72.60**	**1,083.08**
Additions	37.55	144.29	115.56	49.19	39.69	-	285.89	**672.17**
Disposals	(7.24)	(6.80)	(1.31)	(0.66)	(2.40)	(16.32)	(0.92)	**(35.65)**
At 31 March 2019	**121.59**	**588.70**	**409.75**	**120.34**	**71.28**	**50.37**	**357.57**	**1,719.60**
Depreciation								
At 1 April 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**
Charge for the year	23.65	161.66	53.43	17.73	7.27	11.42	34.44	**309.60**
Disposals	(6.73)	(6.01)	(1.31)	(0.62)	(2.10)	(12.40)	(0.92)	**(30.09)**
At 31 March 2019	**58.65**	**401.27**	**170.32**	**52.83**	**25.34**	**32.22**	**92.92**	**833.55**
Net block								
At 31 March 2018	**49.55**	**205.59**	**177.30**	**36.09**	**13.82**	**33.49**	**13.20**	**529.04**
At 31 March 2019	**62.94**	**187.43**	**239.43**	**67.51**	**45.94**	**18.15**	**264.65**	**886.05**

(₹ million)

	As at 31 March 2019	As at 31 March 2018
4. OTHER INTANGIBLE ASSETS		
Software		
Cost		
Balance as per previous financial statements	294.79	258.61
Additions	49.71	42.68
Disposals	(13.07)	(6.50)
	331.43	**294.79**
Amortization		
Balance as per previous financial statements	179.90	112.01
Amortization	74.25	72.94
Disposals	(13.07)	(5.05)
	241.08	**179.90**
Net block	**90.35**	**114.89**

	As at 31 March 2019			As at 31 March 2018		
	Shares	**Per Share**	**₹ million**	**Shares**	**Per Share**	**₹ million**
5. NON-CURRENT INVESTMENTS						
Investments carried at cost						
Investments in unqouted equity instruments						
Investments in subsidiaries						
Mphasis Corporation	3,187	US $ 0.01	3,724.38	3,187	US $ 0.01	3,724.39
Mphasis Australia Pty Limited	2,000	AUD 1	0.05	2,000	AUD 1	0.05
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 Poland s.p.z.o.o.	200	PLN 500	2.07	200	PLN 500	2.07
Mphasis Lanka Private Limited	1,095,584	LKR112.10	55.78	1,095,584	LKR112.10	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
Less: Provision for impairment in value of investment			(4.38)			-
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 Europe BV	3,381,654	€ 1	9,647.64	3,381,654	€ 1	9,647.64
Investment in subsidiaries (A)			**14,166.12**			**14,170.51**
	As at 31 March 2019			As at 31 March 2018		
	Units	**NAV (₹)**	**₹ million**	**Units**	**NAV (₹)**	**₹ million**
Investments carried at amortized cost						
Quoted bonds						
7.19% India Infrastructure Finance Company Limited	599,500	1,000	599.50	929,500	1,000	929.50
7.11% Power Finance Corporation Ltd.	-	-	-	25,670	1,000	25.67
7.21% Power Finance Corporation Ltd.	-	-	-	100	1,000,000	100.00
7.21% India Infrastructure Finance Company Limited	-	-	-	100	1,000,000	100.00
8.10% Housing and Urban Development Corporation	-	-	-	50,000	1,000	50.00
7.34% Housing and Urban Development Corporation	-	-	-	50,000	1,000	50.00
Quoted fixed maturity plan securities						
Aditya Birla Sun Life FTP – Series PH Direct Growth	20,000,000	10.8334	216.67	20,000,000	10.0534	201.07
Investments other than subsidaries (B)			**816.17**			**1,456.24**
Total non-current investments (A+B)			**14,982.29**			**15,626.75**
Aggregate value of unquoted non-current investments in subsidiaries			14,228.80			14,228.81
Aggregate value of quoted non-current investments			816.17			1,456.24
Aggregate amount of impairment in value of investments			(62.68)			(58.30)

(₹ million)

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
6. TRADE RECEIVABLES				
Unsecured				
Considered good *	10.60	10.60	5,049.06	5,595.21
Allowance for doubtful receivables	-	-	(31.54)	-
Credit impaired	-	-	371.00	365.29
Allowance for doubtful receivables	-	-	(371.00)	(365.29)
	10.60	**10.60**	**5,017.52**	**5,595.21**

* Includes receivables from subsidiaries (refer note 30).

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
7. LOANS				
Unsecured - considered good				
Deposits	702.06	1,120.20	1,010.22	586.61
Employee advances	-	-	21.96	32.66
	702.06	**1,120.20**	**1,032.18**	**619.27**

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
8. OTHER FINANCIAL ASSETS				
Unsecured - considered good				
Non-current bank balances (refer note 11.b)*	133.32	0.17	-	-
Accrued interest	-	-	15.39	44.40
Recoverable from subsidiaries (refer note 30)	-	-	581.90	843.97
Derivative assets	478.78	75.08	512.47	425.80
Others	-	-	25.08	9.40
	612.10	**75.25**	**1,134.84**	**1,323.57**

* Includes restricted deposits of ₹ 11.14 million (31 March 2018: ₹ nil).

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
9. OTHER ASSETS				
Unsecured - considered good				
Rent equalization reserve	5.63	25.10	53.62	354.09
Contract assets	-	-	80.63	-
Employee advances	-	-	10.34	-
Capital advances	376.38	375.97	-	-
Prepaid expenses	208.33	47.58	470.16	480.28
Advances to suppliers	-	-	397.86	600.12
Indirect tax recoverable	250.53	1,053.82	1,163.59	334.38
	840.87	**1,502.47**	**2,176.20**	**1,768.87**

	As at 31 March 2019			As at 31 March 2018		
	Units	**NAV (₹)**	**₹ million**	**Units**	**NAV (₹)**	**₹ million**
10. CURRENT INVESTMENTS						
Investments carried at FVTPL						
Unquoted mutual funds						
Kotak Equity Arbitrage Fund Direct Growth	41,470,753	27.2030	1,128.13	41,470,753	25.5148	1,058.12
HDFC Ultrashort term	33,707,973	10.4744	353.07	-	-	-
IDFC Cash fund	841,901	2,266.5224	1,908.19	-	-	-
ABSL Money manager Fund Direct	1,594,133	251.6049	401.09	-	-	-
ABSL Liquid fund - Growth	-	-	-	5,233,773	279.3146	1,461.87
L&T Liquid Fund Direct Plan Growth	-	-	-	142,820	2,382.8749	340.32
Reliance Liquid Fund - Treasury Plan Direct Growth	-	-	-	323,614	4,239.9424	1,372.10
Kotak Floater Short Term - Direct Plan Growth	-	-	-	302,787	2,851.9553	863.53
DSP BlackRock FMP Series 222	-	-	-	25,000,000	10.0771	251.93
Reliance Fixed Horizon Fund XXXVI series 4	-	-	-	25,000,000	10.0811	252.03
Kotak FMP Series 218 Direct Growth	-	-	-	25,000,000	10.0747	251.87
Quoted debentures						
Citicorp Finance (India) Ltd.	18,500	107,870.00	1,995.60	36,000	102,829.72	3,701.87
Quoted bonds						
0 % Nabard 2020	1,700	17,818.1400	30.29	1,700	16,671.70	28.34
0 % REC 2020	1,830	26,410.7700	48.33	1,830	24,795.60	45.38
			5,864.70			**9,627.36**
Aggregate value of quoted current investments			2,074.22			3,775.59
Aggregate net asset value of unqouted mutual fund investments			3,790.48			5,851.77

(₹ million)

	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
11. CASH AND CASH EQUIVALENTS *				
a. Balances with banks:				
In current accounts	-	-	1,306.59	1,867.03
Deposits with original maturity of less than 3 months	-	-	111.00	95.17
Unclaimed dividend	-	-	20.72	13.67
	-	**-**	**1,438.31**	**1,975.87**
b. Bank balances other than cash and cash equivalents				
Deposits with remaining maturity of more than 12 months	133.32	0.17	-	-
Deposits with remaining maturity of less than 12 months	-	-	27.03	136.15
	133.32	**0.17**	**27.03**	**136.15**
Disclosed under other non-current financial assets (refer note 8)	(133.32)	(0.17)	-	-
	-	**-**	**27.03**	**136.15**
	-	**-**	**1,465.34**	**2,112.02**

* Includes restricted deposits of ₹ nil (31 March 2018: ₹ 22.17 million).

	As at 31 March 2019	As at 31 March 2018
12. EQUITY SHARE CAPITAL		
Authorised share capital		
245,000,000 (31 March 2018: 245,000,000) equity shares of ₹ 10 each	2,450.00	2,450.00
Issued, subscribed and fully paid-up shares		
186,219,039 (31 March 2018: 193,260,182) equity shares of ₹ 10 each fully paid-up	1,862.19	1,932.60
Add: Amount originally paid-up on forfeited shares	0.07	0.07
Total issued, subscribed and fully paid-up share capital	**1,862.26**	**1,932.67**

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	**₹ million**	**Number of shares**	**₹ million**
At the beginning of the year	193,260,182	1,932.60	210,417,080	2,104.17
Issue of shares upon exercise of employee stock options	278,712	2.79	213,180	2.13
Issue of bonus shares	700	0.01	-	-
Buy back of shares [refer note 12(d)(ii)]	(7,320,555)	(73.21)	(17,370,078)	(173.70)
Outstanding at the end of the year	**186,219,039**	**1,862.19**	**193,260,182**	**1,932.60**

(b) Terms/rights and restrictions 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

	As at 31 March 2019	As at 31 March 2018
Marble II Pte Limited (subsidiary of the ultimate holding company) *		
97,317,781 (31 March 2018: 116,691,668) equity shares of ₹ 10 each fully paid	973.18	1,166.92

* The ultimate holding company is Blackstone Capital Partners (Cayman II) VI L.P.

(d) Equity shares movement during five years immediately preceding 31 March 2019

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

	As at 31 March 2019	As at 31 March 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium / retained earnings	700	-

(ii) Equity shares extinguished / cancelled on buy back

a. During the previous year ended 31 March 2018, 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.

b. During the current year, 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 requirements of the Companies Act, 2013, an amount of ₹ 176.59 million, ₹ 743.89 million and ₹ 8,962.27 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 ₹ 73.21 million to the 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	As at 31 March 2019		As at 31 March 2018	
	Number of shares	**% of holding**	**Number of shares**	**% of holding**
Marble II Pte Limited	97,317,781	52.26	116,691,668	60.38

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 13.

		(₹ million)
	As at 31 March 2019	**As at 31 March 2018**
13. OTHER EQUITY		
Securities premium		
Balance as per previous financial statements	95.18	1,654.10
Utilized for buy back of equity shares	(176.59)	(1,654.10)
Premium received on issue of shares	100.90	26.59
Transferred from share based payment reserve, on exercise of options	49.77	68.59
Closing balance	**69.26**	**95.18**
General reserve		
Balance as per previous financial statements	742.07	6,576.85
Utilized for buy back of equity shares	(743.89)	(6,576.85)
Reversal on lapse of options granted	1.93	2.18
Transferred from retained earnings	769.43	739.89
Closing balance	**769.54**	**742.07**
Retained earnings		
Balance as per previous financial statements	35,308.68	35,455.23
Re-measurement gains / (losses) on defined benefit plans	0.32	(24.73)
Profit for the year	7,694.33	7,398.91
Issue of bonus shares	(0.01)	-
Utilized for buy back of equity shares	(8,889.06)	(2,625.35)
Transferred to CRR on buy back of equity shares	(73.21)	(173.70)
Buy back expenses	(66.44)	(30.34)
Transferred to Special Economic Zone re-investment reserve	(1,411.16)	-
Transferred from Special Economic Zone re-investment reserve	416.98	-
Less: Appropriations		
Dividends	3,866.99	3,283.08
Dividend Distribution Tax	794.88	668.37
Transfer to general reserve	769.43	739.89
Total appropriations	**5,431.30**	**4,691.34**
Closing balance	**27,549.13**	**35,308.68**
Capital reserve		
Balance as per previous financial statements	265.16	265.16
Closing balance	**265.16**	**265.16**
Capital redemption reserve		
Balance as per previous financial statements	173.70	-
Transferred from retained earnings on buy back of equity shares	73.21	173.70
Closing balance	**246.91**	**173.70**
Share based payments		
Balance as per previous financial statements	318.23	190.47
Expense for the year	226.45	199.02
Transferred to securities premium on exercise of options	(49.77)	(68.59)
Exercise of options	-	(0.45)
Reversal on lapse of options granted	(1.93)	(2.22)
Closing balance	**492.98**	**318.23**
Special Economic Zone re-investment reserve		
Balance as per previous financial statements	-	-
Transfer from retained earnings	1,411.16	-
Utilization during the year	(416.98)	-
Closing balance	**994.18**	**-**

(Continued)

13. OTHER EQUITY (Continued) **(₹ million)**

	As at 31 March 2019	As at 31 March 2018
Treasury shares		
Balance as per previous financial statements	-	(0.45)
Transactions during the year	-	0.45
Closing balance	**-**	**-**
Hedging reserve		
Balance as per previous financial statements	238.55	707.66
Transactions during the year	(715.85)	1,130.37
Transfer to statement of profit and loss	864.11	(1,599.48)
Closing balance	**386.81**	**238.55**
Total other equity	**30,773.97**	**37,141.57**

Dividend on equity shares

The Board of Directors, at 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. This resulted in a cash outflow of ₹ 4,654.82 million, inclusive of dividend distribution tax of ₹ 794.88 million.

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 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
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 2019 have an exercise price of ₹ 34.38 (31 March 2018: ₹ 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 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
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
Lapsed	-	-	6,616	84.21
Exercised	-	-	3,200	85.63
Options outstanding at the end	**-**	**-**	**-**	**-**

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 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
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
Lapsed	-	-	1,598	138.69
Options outstanding at the end	**-**	**-**	**-**	**-**

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 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
2016 Plan	**No. of options**	**Weighted Average Exercise Price (₹)**	**No. of options**	**Weighted Average Exercise Price (₹)**
Options outstanding at the beginning	4,958,886	541.91	3,885,100	500.00
Granted	223,000	941.00	1,613,176	630.20
Forfeited	289,760	560.28	485,610	504.59
Lapsed	12,500	500.00	-	-
Exercised	203,910	504.84	53,780	500.00
Options outstanding at the end	**4,675,716**	**561.53**	**4,958,886**	**541.91**
Exercisable at the end	**1,388,326**	**527.78**	**658,000**	**500.00**

The weighted average share price as at the date of exercise of stock option was ₹ 1,064.34 (31 March 2018: ₹ 831.99) The options outstanding as at 31 March 2019 have an exercise price ranging from ₹ 500.00 to ₹ 941.00 (31 March 2018: ₹ 500.0 to ₹ 650.00) and the weighted average remaining contractual life is of 4.24 years (31 March 2018: 5.10 years).

The weighted average fair value of stock options granted during the year was ₹ 298.19 (31 March 2018: ₹ 228.54). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at 31 March 2019	As at 31 March 2018
Weighted average share price on the date of grant (₹)	972.80	775.62
Exercise Price (₹)	941.00	500.00 to 650.00
Expected Volatility	37.57%	24.18% to 26.98%
Life of the options granted in years	1-5 years	1 -5 Years
Average risk-free interest rate	7.53%	6.38% to 7.26%
Expected dividend rate	1.68%	2.85% to 3.93%

Total employee compensation cost pertaining to 2016 Plan during the year is ₹ 79.76 million, (31 March 2018: ₹ 89.10 million) net of cross charge to subsidiaries.

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 units to employees and directors of the Company and its subsidiaries.

The RSU Plan-2014 is administered by the Mphasis Employees Benefit Trust. Each unit, 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 this plan 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 units under the RSU Plan -2014 for the year ended 31 March 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
RSU 2014 Plan	**No. of units**	**Weighted Average Exercise Price (₹)**	**No. of units**	**Weighted Average Exercise Price (₹)**
Units outstanding at the beginning	35,455	10.00	88,545	10.00
Lapsed	1,354	10.00	-	-
Exercised	28,788	10.00	53,090	10.00
Units outstanding at the end	**5,313**	**10.00**	**35,455**	**10.00**
Exercisable at the end	**5,313**	**10.00**	**35,455**	**10.00**

The weighted average share price as at the date of exercise of stock unit was ₹ 1,063.72 (31 March 2018: ₹ 654.64). The units outstanding on 31 March 2019 have an exercise price of ₹ 10.00 (31 March 2018: ₹ 10.00) and the weighted average remaining contractual life is of 0.42 years (31 March 2018: 1.18 years).

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 units to employees and directors of the Company and its subsidiaries.

The RSU Plan-2015 is administered by the Mphasis Employees Benefit Trust. Each unit, 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 this plan 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 units under the RSU Plan-2015 for the year ended 31 March 2019 and 31 March 2018 are set out below:

	Year ended 31 March 2019		Year ended 31 March 2018	
RSU 2015 Plan	**No. of units**	**Weighted Average Exercise Price (₹)**	**No. of units**	**Weighted Average Exercise Price (₹)**
Units outstanding at the beginning	83,850	10.00	192,900	10.00
Lapsed	750	10.00	5,000	10.00
Exercised	46,014	10.00	104,050	10.00
Units outstanding at the end	**37,086**	**10.00**	**83,850**	**10.00**
Exercisable at the end	**37,086**	**10.00**	**83,850**	**10.00**

The weighted average share price as at the date of exercise of stock unit was ₹ 1,098.70 (31 March 2018: ₹ 629.92). The units outstanding on 31 March 2019 have an exercise price of ₹ 10.00 (31 March 2018: ₹ 10.00) and the weighted average remaining contractual life is of 0.61 years (31 March 2018: 1.62 years).

(₹ million)

	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
14. OTHER FINANCIAL LIABILITIES				
Salary related costs	-	-	1,308.07	475.18
Capital creditors	-	-	40.96	13.26
Other payables	0.85	10.67	117.80	99.37
Unpaid dividend*	-	-	20.72	13.67
Derivative liabilities	38.72	27.48	298.58	147.79
	39.57	**38.15**	**1,786.13**	**749.27**

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

	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
15. EMPLOYEE BENEFIT OBLIGATIONS				
Provision for gratuity [refer note 35 (a)]	778.59	519.29	-	200.00
Provision for employee compensated absences	-	-	180.52	154.94
	778.59	**519.29**	**180.52**	**354.94**

	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
16. PROVISIONS				
Provision for loss on long-term contract	-	50.00	10.20	150.00
Other provisions	-	-	73.03	81.03
	-	**50.00**	**83.23**	**231.03**

(₹ million)

Provisions	Provision for loss on long-term contract	Others
As at 1 April 2018	200.00	81.03
Utilised / paid	(189.80)	(8.00)
As at 31 March 2019	**10.20**	**73.03**
Current	10.20	73.03
Non-current	-	-
As at 1 April 2017	204.06	83.03
Additions during the year	200.00	-
Utilised / paid	(204.06)	(2.00)
As at 31 March 2018	**200.00**	**81.03**
Current	150.00	81.03
Non-current	50.00	-

	Non-current		Current	
	As at 31 March 2019	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
17. OTHER LIABILITIES				
Unearned revenue	-	-	91.53	301.02
Advances received from customers	-	-	0.02	0.02
Rent equalization reserve	91.52	-	0.97	-
Statutory dues	-	-	278.65	254.90
	91.52	**-**	**371.17**	**555.94**

	As at 31 March 2019	As at 31 March 2018
18. BORROWINGS		
Unsecured		
Loan from Citibank *	1,000.00	-
Pre-shipment loan in foreign currency from bank **	1,383.10	1,299.60
	2,383.10	**1,299.60**

* Loan from Citibank carries interest @ 8.5%. The loan is repayable on or before 31 July 2019.

** Pre-shipment loan carries interest @ LIBOR plus 0.6% (31 March 2018: LIBOR plus 0.05%) p.a. The loan is repayable on 29 May 2019.

Refer note 37 for Company's exposure to interest rate, foreign currency and liquidity risks.

	As at 31 March 2019	As at 31 March 2018
19. TRADE PAYABLES		
Outstanding dues of micro and small enterprises	4.87	5.96
Trade payables *	3,321.10	3,108.45
	3,325.97	**3,114.41**

* Includes payables to subsidiaries (refer note 30).

The Company has amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2019 and 31 March 2018. The details in respect of such dues are as follows:

(₹ million)

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	4.87	5.96
- Interest	1.03	1.03
The amount of interest paid by the Company 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 date during the 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 date during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.51	0.45
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 as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	16.10	14.56

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

20. TAXES

Income tax expenses in the statement of profit and loss consist of the following:

	Year ended 31 March 2019	Year ended 31 March 2018
Taxes		
Current taxes	1,994.99	2,183.56
Deferred taxes	37.68	(277.73)
Total taxes	**2,032.67**	**1,905.83**

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax ('MAT') in the tax holiday period if the tax payable under normal provisions is less than tax payable under MAT. Excess tax paid under MAT over tax under normal provision 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. The tax benefits are also available for a further five years post the initial 10 years subject to the creation of SEZ Reinvestment Reserve which is required to be spent within 3 financial years.

The interest / 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 2019 and 31 March 2018 relates to origination and reversal of temporary differences.

The Company will be liable to pay dividend distribution tax ('DDT') as per Income-tax Act, 1961 once the dividends are declared & approved by shareholders in the AGM for a concluded and audited financial year. The DDT would be payable as per the then applicable rates as prescribed and in vogue under the Income Tax Act 1961 for the year of declaration & payment of dividend.

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below: **(₹ million)**

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before exceptional item and tax	**9,727.00**	**9,435.52**
Applicable tax rates in India	34.944%	34.608%
Computed tax charge (A)	**3,399.00**	**3,265.44**
Tax effect on exempt operating income	(801.12)	(851.94)
Tax effect on exempt non - operating income	(22.32)	(99.38)
Tax effect on non - deductible expenses	43.19	22.98
Tax effect on differential domestic/overseas tax rate and other disallowances	0.01	20.16
Tax effect on deferred tax assets recognised on carried forward long term capital loss	-	(123.02)
Reversal of tax expenses pertaining to prior period	(763.40)	(331.96)
Tax effect on unrecognized deferred tax assets	178.26	-
Others, net	(0.95)	3.55
Total adjustments (B)	**(1,366.33)**	**(1,359.61)**
Total tax expenses (A+B)	**2,032.67**	**1,905.83**

Income tax expense for the year ended 31 March 2019 and 31 March 2018 includes reversal (net of provisions) of ₹ 763.40 million and ₹ 331.96 million, respectively.

	As at 31 March 2019	As at 31 March 2018
Income tax assets (net)		
Advance income-tax (net of provision for taxation)	4,402.10	3,891.43
	4,402.10	**3,891.43**
Income tax liabilities (net)		
Provision for taxation	1,101.03	672.64
	1,101.03	**672.64**
Net income tax asset	**3,301.07**	**3,218.79**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

	As at 31 March 2019	As at 31 March 2018
Deferred Tax Asset (net)		
Property, plant and equipment and other intangible assets	347.85	415.14
Provision for doubtful debts and advances	142.56	157.92
Provision for employee benefits	361.41	364.89
Provision for loss on long-term contract	16.23	16.23
Rent equalization reserve	(14.22)	(132.50)
On carried forward long term capital loss	105.63	123.02
Derivative liabilities	(207.77)	(128.13)
Others	(39.68)	12.93
	712.01	**829.50**

Significant components of net deferred tax assets are as follows:

	As at 1 April 2018	Statement of Profit and loss	OCI	As at 31 March 2019
Deferred Tax Asset (net)				
Property, plant and equipment and other intangible assets	415.14	(67.29)	-	347.85
Provision for doubtful debts and advances	157.92	(15.36)	-	142.56
Provision for employee benefits	364.89	(3.31)	(0.17)	361.41
Provision for loss on long-term contract	16.23	-	-	16.23
Rent equalization reserve	(132.50)	118.28	-	(14.22)
On carried forward long term capital loss	123.02	(17.39)	-	105.63
Derivative liabilities	(128.13)	-	(79.64)	(207.77)
Others	12.93	(52.61)	-	(39.68)
Total	**829.50**	**(37.68)**	**(79.81)**	**712.01**

(₹ million)

	As at 1 April 2017	Statement of Profit and loss	OCI	As at 31 March 2018
Deferred Tax Asset (net)				
Property, plant and equipment and other intangible assets	434.54	(19.40)	-	415.14
Provision for doubtful debts and advances	163.41	(5.49)	-	157.92
Provision for employee benefits	359.81	(8.86)	13.94	364.89
Provision for loss on long-term contract	16.09	0.14	-	16.23
Rent equalization reserve	(330.43)	197.93	-	(132.50)
On carried forward long term capital loss	-	123.02	-	123.02
Derivative liabilities	(374.51)	-	246.38	(128.13)
Others	22.54	(9.61)	-	12.93
Total	**291.45**	**277.73**	**260.32**	**829.50**

	Year ended 31 March 2019	Year ended 31 March 2018
21. REVENUE FROM OPERATIONS		
Sale of services	35,204.30	31,149.23
Profit / (loss) on cash flow hedges reclassified to revenue	(864.11)	1,599.48
	34,340.19	**32,748.71**

Information in relation to revenue disaggregation is disclosed in note 33.
The effect of initially applying Ind AS 115 on the Company's revenue from contracts with customers is described in note 2 - Revenue recognition. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.

Reconciliation of revenue recognised with contracted price is as follows:

	Year ended 31 March 2019
Contracted price	35,334.65
Reductions towards variable consideration components	(130.35)
Revenue as per statement of profit and loss	**35,204.30**

A. Contract balances

The following table discloses the movement in contract assets during the year ended 31 March 2019:

	Year ended 31 March 2019
Balance at the beginning of the year	6.77
Revenue recognized during the year	135.81
Invoiced during the year	(62.52)
Exchange gain / (loss)	0.57
Closing balance	**80.63**

The following table discloses the movement in unearned revenue balances during the year ended 31 March 2019:

	Year ended 31 March 2019
Balance as per previous financial statements	301.02
Revenue recognized during the year	689.32
Invoiced during the year	(900.65)
Exchange (gain) / loss	1.84
Closing balance	**91.53**

B. Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Unsatisfied or partially satisfied Performance obligations are subject to variability due to several factors such as termination, changes in contract scope, re-validation of estimates and economic factors.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the Company's performance completed to date, typically those contracts where invoicing is on time and material, unit price basis.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2019 is ₹ 4,168.00 million. Out of this, the Company expects to recognize revenue of around 31% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

(₹ million)

	Year ended 31 March 2019	**Year ended 31 March 2018**
22. OTHER INCOME		
Interest income on		
Bank deposits	38.28	32.07
Long term bonds	63.83	90.63
Others	78.41	81.75
Dividend income	0.04	-
Net gain on investments carried at FVTPL *	706.40	752.02
Foreign exchange gain / (loss), (net)	180.69	178.05
Profit on sale of fixed assets, (net)	23.17	7.46
Sublease income	76.24	69.23
Miscellaneous income	18.80	4.95
	1,185.86	**1,216.16**

*includes profit on sale of investments amounting to ₹ 64.52 million (31 March 2018; ₹ 88.72 million).

	Year ended 31 March 2019	**Year ended 31 March 2018**
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and bonus	13,346.19	12,808.97
Contribution to provident and other funds	609.99	699.93
Employee share based payments	79.76	89.10
Staff welfare expenses	375.43	317.52
	14,411.37	**13,915.52**

	Year ended 31 March 2019	**Year ended 31 March 2018**
24. FINANCE COSTS		
Interest expense	66.74	23.40
Exchange difference to the extent considered as an adjustment to borrowing costs	-	28.98
	66.74	**52.38**

	Year ended 31 March 2019	**Year ended 31 March 2018**
25. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of property, plant and equipment (refer note 3)	309.60	244.95
Amortization of intangible assets (refer note 4)	74.25	72.94
	383.85	**317.89**

(₹ million)

	Year ended 31 March 2019	Year ended 31 March 2018
26. OTHER EXPENSES		
Software development expenses	4,445.21	4,061.71
Legal and professional charges	1,793.56	1,731.37
Rent	1,766.59	1,734.92
Travel	489.83	420.13
Software support and annual maintenance charges	848.11	684.30
Communication expenses	276.26	280.08
Recruitment expenses	146.31	87.13
Power and fuel	303.84	249.95
Insurance	75.84	80.44
Rates and taxes	-	64.56
Repairs and maintenance - others	72.12	20.27
Provision for expected credit loss	42.67	(20.24)
Sales support and marketing expenses	67.39	68.25
Corporate Social Responsibility expense (refer note 40)	182.20	129.12
Miscellaneous expenses	412.40	633.99
Payment to auditor (refer details below)	14.76	17.58
	10,937.09	**10,243.56**

	Year ended 31 March 2019	Year ended 31 March 2018
Payment to Auditor *		
As auditor:		
Statutory audit fee	11.40	13.50
Other services (certification fees)	3.12	2.97
Reimbursement of expenses	0.24	1.11
	14.76	**17.58**

* excluding Service Tax / Goods and Service Tax.

27. EARNINGS PER SHARE ('EPS')

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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before exceptional item (₹ in million)	7,694.33	7,529.69
Profit after exceptional item (₹ in million)	7,694.33	7,398.91
Number of weighted average shares considered for calculation of basic earnings per share	191,495,657	196,333,584
Add: Dilutive effect of stock options	1,906,012	297,424
Number of weighted average shares considered for calculation of diluted earnings per share	**193,401,669**	**196,631,008**
Earnings per equity share after exceptional item (par value ₹ 10 per share)		
Basic (₹)	40.18	38.35
Diluted (₹)	39.78	38.29
Earnings per equity share after exceptional item (par value ₹ 10 per share)		
Basic (₹)	40.18	37.69
Diluted (₹)	39.78	37.63

28. CONTINGENT LIABILITIES AND COMMITMENTS

a) The Company has disputes with income tax authorities in India and other jurisdictions where they operate. The ongoing disputes pertain to various assessment years from 2002-03 to 2016-17. The matters under dispute pertain to transfer pricing, tax treatment of certain expenses claimed as deductions, or allowances, characterization of fees for services paid and applicability of withholding taxes. Claims against the Company in relation to direct taxes, transfer pricing and indirect tax matters not acknowledged as debts amount to ₹ 10,120.47 million (31 March 2018: ₹ 9,348.85 million).

The Company has furnished bank guarantees amounting to ₹ 6,661.95 million (31 March 2018: ₹ 6,661.95 million) against such orders. These demands are being contested by the Company based on management evaluation, advice of tax consultants and legal opinions obtained. No provision has been made in the books of accounts. The Company has filed appeals against such orders with the appropriate appellate authorities.

The Company has received notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company has evaluated these notices, responded appropriately and believes there are no financial statement implications as on date.

b) Other outstanding bank guarantees as at 31 March 2019: ₹ 145.61 million (31 March 2018: ₹ 576.69 million) pertains to guarantees on behalf of the Company to regulatory authorities.

c) In addition to the above matters, the Company has other claims not acknowledge as debts amounting to ₹ 707.59 million (31 March 2018: ₹ 707.59 million).

d) There has been a Supreme Court judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgment, including the effective date of the application and based on expert advice obtained, the Company is unable to reasonably estimate the expected impact of the Supreme Court decision. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

e) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31 March 2019: ₹ 77.57 million (31 March 2018: ₹ 230.09 million).

29. OPERATING LEASES

The Company has entered into non-cancellable operating leases for equipments and office space. Total rental expense under non-cancellable operating leases amounted to ₹ 764.35 million for the year ended 31 March 2019 (31 March 2018: ₹ 762.99 million).

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

Period	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	231.95	274.26
Later than 1 year and not later than 5 years	547.27	273.02
Total minimum lease commitments	**779.22**	**547.28**

Total rental expense under cancellable operating leases for the year ended 31 March 2019 amounted to ₹ 1,002.24 million (31 March 2018: ₹ 971.93 million).

The Company has also subleased office space under cancellable operating lease agreements. The total sublease rental income under cancellable operating leases amounted to ₹ 66.94 million for the year ended 31 March 2019 (31 March 2018: ₹ 52.61 million). The total sublease rental income under non-cancellable operating leases for the year ended 31 March 2019 amounted to ₹ 9.30 million (31 March 2018: 16.62 million).

Future minimum sublease receivables under non-cancellable operating lease as at 31 March 2019 are as follows:

Period	As at 31 March 2019	As at 31 March 2018
Not later than 1 year	-	9.30
Total	**-**	**9.30**

30. RELATED PARTY TRANSACTIONS

Entities where control exists:

Blackstone Capital Partners (Cayman II) VI L.P.	Ultimate holding company
Blackstone Capital Partners (Singapore) VI Holding Co Pte Ltd	Intermediate holding company
Marble I Pte Limited	Intermediate holding company
Marble II Pte Limited	Holding company

Subsidiaries where control exists:

Msource (India) Private Limited (‘Msource India’)	Mphasis Europe BV (‘Mphasis Europe’)
Mphasis Corporation (‘Mphasis USA’)	Mphasis Pte Limited (‘Mphasis Singapore’)
Mphasis Infrastructure Services Inc.	Mphasis Deutschland GmbH (‘Mphasis GmbH’)
Digital Risk, LLC	Mphasis Belgium BVBA (‘Mphasis Belgium’)
Digital Risk Mortgage 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.
Investor Services, LLC	Wyde Tunisie SARL
Wyde Corporation Inc.	Mphasis Wyde SASU
Mphasis Wyde Inc.	PT. Mphasis Indonesia (‘Mphasis Indonesia’)*
Mphasis UK Limited (‘Mphasis UK’)	Msource Mauritius Inc. (‘Msource Mauritius’)
Mphasis Consulting Limited (‘Mphasis Consulting’)	Mphasis Philippines Inc.
Mphasis Software and Services (India) Private Limited (‘Mphasis India’)	Mphasis Lanka Private Limited (‘Mphasis Lanka’)
Mphasis Australia Pty Limited (‘Mphasis Australia’)	Stelligent Systems LLC
Mphasis (Shanghai) Software & Services Company Limited (‘Mphasis China’)	

* On 16 April 2018, the shareholders of PT. Mphasis Indonesia resolved to dissolve and liquidate the entity. Accordingly, an amount of ₹ 4.38 million has been provided for in the financial statements of the Company.

Key management personnel

Nitin Rakesh	Chief Executive Officer and Executive Director
V. Suryanarayanan	Executive Vice President & Chief Financial Officer
Subramanian Narayan	Vice President & Company Secretary (Appointed w.e.f. 1 November 2017)
Davinder Singh Brar	Independent Director, Chairman of the Board
Narayanan Kumar	Independent Director
Jan Kathleen Hier	Independent Director
Amit Dixit	Director
Amit Dalmia	Director
Paul James Upchurch	Director
David Lawrence Johnson	Director
Marshall Jan Lux	Director- Appointed w.e.f. 7 August 2018
Dario Zamarian	Director- Resigned w.e.f. 6 August 2018
A. Sivaram Nair	Executive Vice President, Company Secretary General Counsel & Ethics Officer (Resigned w.e.f..31 October 2017)

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

	Year ended 31 March 2019	**Year ended 31 March 2018**
Rendering of services	**11,425.52**	**10,208.27**
Mphasis USA	8,782.72	8,186.86
Others	2,642.80	2,021.41
Sale of fixed assets	**-**	**2.29**
Msource India	-	2.29
Software development charges	**3,286.05**	**2,658.89**
Mphasis USA	2,697.93	2,384.39
Msource India	363.52	-
Others	224.60	274.50
Sales support and marketing expenses	**67.39**	**68.25**
Mphasis UK	67.39	68.25
Dividend paid (on cash basis)	**2,025.08**	**1,984.57**
Marble II Pte Limited	2,024.62	1,983.76
Others	0.46	0.81
Remuneration / Commission to key management personnel*	**140.24**	**145.52**
Nitin Rakesh**	79.05	86.14
Others	61.19	59.38
Investment in entities where control exists	**-**	**(0.04)**
Mphasis USA	-	(0.04)
Sub-lease rental income	**76.24**	**69.23**
Msource India	58.52	52.61
Digital Risk Mortgage Services, LLC	17.72	16.62
Corporate guarantee commission - income	**10.86**	**-**
Mphasis USA	10.86	-

***** 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.

** With effect from 16 October 2018, the Company has entered into an agreement with Mphasis Corporation, a wholly owned subsidiary, pursuant to which Nitin Rakesh has been deputed for a period of 12 months. Salaries and all other employee benefits (excluding the yearly bonus for the period from 1 April 2018 to 15 October 2018, which will be paid by Mphasis Limited) for Nitin Rakesh, effective 16 October 2018, have been discharged by Mphasis Corporation. The agreement provides for automatic renewal, unless terminated by the Company. Accordingly, the managerial remuneration disclosed above is restricted to the period from 1 April 2018 to 15 October 2018.

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

(₹ million)

	Year ended 31 March 2019	Year ended 31 March 2018
Expenses incurred on behalf of related parties	**205.42**	**165.14**
Mphasis USA	143.59	98.16
Msource India	12.73	25.94
Others	49.10	41.04
Cost allocation to related parties	**20.22**	**26.98**
Wyde Corporation	10.44	14.72
Mphasis USA	9.78	12.26
Expenses incurred by related parties on Company's behalf	**44.35**	**270.51**
Msource India	0.04	212.53
Mphasis USA	44.29	53.21
Others	0.02	4.77

Managerial remuneration*

Expenses include the following remuneration to the key management personnel:

	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	76.99	72.23
Share based payment	31.20	45.58
Commission to independent directors	31.03	25.62
Other benefits	1.02	2.09
	140.24	**145.52**

***** 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. Post-employment benefit comprises of gratuity and compensated absences that are not disclosed as these are determined for the Company as a whole.

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

	As at 31 March 2019	As at 31 March 2018
Trade receivables	**2,627.45**	**2,292.09**
Mphasis USA	2,177.26	1,921.10
Others	450.19	370.99
Trade payables	**1,429.09**	**946.93**
Mphasis USA	1,283.51	852.24
Others	145.58	94.69
Remuneration / Commission payable to key management personnel	**8.11**	**5.10**
Davinder Singh Brar	1.57	0.98
Narayanan Kumar	1.42	0.85
Jan Kathleen Hier	1.34	0.87
David Lawrence Johnson	1.28	0.83
Dario Zamarian	-	0.76
Paul James Upchurch	1.25	0.81
Marshall Lux	1.25	-
Other receivables *	**581.90**	**843.97**
Mphasis USA	342.70	578.88
Mphasis China	136.16	175.24
Others	103.04	89.85

* includes collection on behalf of the Company.

31. During the year ended 31 March 2019, the Company has remitted dividend in foreign currency of ₹ 2,026.28 million (31 March 2018: ₹ 1,985.68 million) to non-residents holding 101,313,815 (31 March 2018: 116,804,414) equity shares of the Company.

	Year ended 31 March 2019	Year ended 31 March 2018
Number of shareholders	9	10
Number of shares held	101,313,815	116,804,414
Amount remitted (₹ million)	2,026.28	1,985.68
Year to which the dividend relates	31 March 2018	31 March 2017

32. SEGMENT REPORTING

The Company publishes the standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements and is exempt from disclosing segment information in the standalone financial statements.

33. DISAGGREGARTION OF REVENUE **(₹ million)**

Business verticals	Year ended 31 March 2019	Year ended 31 March 2018
Banking and Capital Market	13,616.76	11,831.84
Insurance	6,997.56	6,709.55
Information Technology, Communication and Entertainment	5,119.86	4,224.50
Emerging Industries	9,470.12	8,383.34
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

Geographic revenues	Year ended 31 March 2019	Year ended 31 March 2018
USA	25,206.76	22,460.47
India	4,473.03	4,128.49
EMEA	4,092.98	3,391.28
ROW	1,431.53	1,168.99
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

Services rendered	Year ended 31 March 2019	Year ended 31 March 2018
Application development	8,022.70	5,982.42
Application maintenance	14,866.52	13,703.98
Infrastructure management services	7,412.41	7,193.15
Knowledge Processes	22.02	92.15
Service/Technical help desk	1,030.94	875.27
Transaction processing service	3,333.69	2,629.41
Customer Service	507.01	669.14
License Income	9.01	3.71
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

Market	Year ended 31 March 2019	Year ended 31 March 2018
Direct international	23,189.09	19850.59
DXC/ HP business	9,284.49	8854.33
Others	2,730.72	2444.31
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

Delivery location	Year ended 31 March 2019	Year ended 31 March 2018
Onsite	4,052.74	8,507.94
Offshore	31,151.56	22,641.29
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

(₹ million)

Project type	Year ended 31 March 2019	Year ended 31 March 2018
Fixed price	11,828.46	10,675.49
Time and material	23,375.84	20,473.74
Unallocated - hedge	(864.11)	1,599.48
Total	**34,340.19**	**32,748.71**

34. CAPITAL MANAGEMENT

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

	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the share holders of the Company (A)	32,636.23	39,074.24
Borrowings (B)	2,383.10	1,299.60
Total borrowings as a percentage of capital (B / C)	**6.81%**	**3.22%**
Total capital (A+B=C)	**35,019.33**	**40,373.84**
Total equity as a percentage of total capital (A / C)	**93.19%**	**96.78%**

The Company is predominantly equity financed which is evident from the capital structure table above. The Company is not subject to any externally imposed capital restrictions.

35. EMPLOYEE BENEFITS

a. Gratuity Plan

In accordance with Indian law, the Company and its subsidiaries in India operate a scheme of Gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. The trust is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives.

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

	Year ended 31 March 2019	Year ended 31 March 2018
Changes in present value of defined benefit obligations		
Obligations at beginning of the year	1,117.81	1,035.27
Service cost	19.73	115.93
Interest cost	79.55	73.16
Benefits paid	(105.57)	(145.34)
Re-measurement (gain) / loss (through OCI)	(4.37)	38.79
Obligations at end of the year	**1,107.15**	**1,117.81**
Change in plan assets		
Plan assets at beginning of the year, at fair value	398.52	209.22
Expected return on plan assets	40.13	22.36
Re-measurement gain / (loss) (through OCI)	(3.88)	0.12
Employer contributions	5.26	315.35
Benefits paid	(105.57)	(145.34)
Administration charges	(5.90)	(3.19)
Plan assets at end of the year	**328.56**	**398.52**
Present value of defined benefit obligation at the end of the year	1,107.15	1,117.81
Fair value of plan assets at the end of the year	328.56	398.52
Net liability recognised in the balance sheet	**(778.59)**	**(719.29)**
Expenses recognised in statement of profit and loss		
Service cost	19.73	115.93
Interest cost (net)	39.42	50.80
Net gratuity cost	**59.15**	**166.73**
Re-measurement gains / (losses) in OCI		
Actuarial (gain) / loss due to financial assumption changes	10.19	(94.19)
Actuarial (gain) / loss due to experience adjustments	(14.57)	132.98
Re-measurement - return on plan assets (greater) less than discount rate	3.89	(0.12)
Total expenses routed through OCI	**(0.49)**	**38.67**

(₹ million)

	Year ended 31 March 2019	Year ended 31 March 2018
Assumptions		
Discount rate	7.34%	7.60%
Expected rate of return on plan assets	7.34%	7.60%
Salary increase	5.00%	5.00%
Attrition rate	20.00%	20.00%
Retirement age	60 years	60 years
Future payouts (year ended 31 March)		
2020	201.84	199.36
2021	165.15	156.02
2022	136.15	120.32
2023	110.39	93.85
2024	89.55	72.63
2025-2029	220.75	186.38
Beyond 2029	183.33	289.25
Contributions likely to be made for the next one year	-	200.00

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:

Insurer managed funds	100%	100%

Sensitivity analysis	Year ended 31 March 2019		Year ended 31 March 2018	
Change in discount rate	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
Effect on the deemed benefit obligation	(41.30)	44.73	(38.93)	42.19
Change in salary increase rate				
Effect on the deemed benefit obligation	45.28	(42.52)	35.10	(33.16)

b. Provident fund

In accordance with Indian law, all eligible employees of the Company in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a Trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company’s contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the statement of profit or loss under employee benefit expenses. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

The Company has carried out actuarial valuation as at 31 March 2019. The actuary has provided a valuation for provident fund liabilities and based on the assumptions mentioned below, there is no shortfall in plan assets as at 31 March 2019 and 31 March 2018.

The amount of plan assets disclosed below have 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:

	As at 31 March 2019	As at 31 March 2018
Plan assets at the year end	8,213.92	7,352.08
Present value of benefit obligation at year end	8,213.92	7,352.08
Asset recognized in balance sheet	-	-

The plan assets have been primarily invested in Government and Debt Securities in the pattern specified by Employee’s Provident Fund Organisation.

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

Government of India (GOI) bond yield	7.00%	7.60%
Remaining term of maturity (in years)	12	12
Expected guaranteed rate of return	8.65%	9.25%

The Company contributed ₹ 453.76 million during the year ended 31 March 2019 (31 March 2018: ₹ 437.69 million).

36. FINANCIAL INSTRUMENTS

The carrying value of financial instruments by categories as at 31 March 2019 is as follows: **(₹ million)**

Particulars	FVTPL	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortized cost	Total
Financial assets					
Cash and cash equivalents	-	-	-	1,438.31	**1,438.31**
Bank balances other than cash and cash equivalents	-	-	-	27.03	**27.03**
Investments (other than investment in subsidiaries)	5,864.70	-	-	816.17	**6,680.87**
Trade receivables	-	-	-	5,028.12	**5,028.12**
Loans	-	-	-	1,734.24	**1,734.24**
Derivative assets	-	897.68	93.57	-	**991.25**
Unbilled receivables	-	-	-	2,818.67	**2,818.67**
Other financial assets	-	-	-	755.69	**755.69**
Total	**5,864.70**	**897.68**	**93.57**	**12,618.23**	**19,474.18**
Financial liabilities					
Borrowings	-	-	-	2,383.10	**2,383.10**
Trade payables	-	-	-	3,325.97	**3,325.97**
Derivative liabilities	-	303.09	34.21	-	**337.30**
Other financial liabilities	-	-	-	1,488.40	**1,488.40**
Total	**-**	**303.09**	**34.21**	**7,197.47**	**7,534.77**

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

Particulars	FVTPL	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)	9,627.36	-	-	1,456.24	**11,083.60**
Trade receivables	-	-	-	5,605.81	**5,605.81**
Loans	-	-	-	1,739.47	**1,739.47**
Derivative assets	-	499.17	1.71	-	**500.88**
Unbilled revenue	-	-	-	1,891.48	**1,891.48**
Other financial assets	-	-	-	897.94	**897.94**
Total	**9,627.36**	**499.17**	**1.71**	**13,702.96**	**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 March 2019				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	**5,864.70**	3,790.48	2,074.22	-	**9,627.36**	9,627.36	-	-
Derivative assets	**991.25**	-	991.25	-	**500.88**	-	500.88	-
Liabilities								
Derivative liabilities	**337.30**	-	337.30	-	**147.79**	-	147.79	-

During the year ended 31 March 2019, non-convertible debentures and zero-coupon bonds of ₹ 2,074.22 million have been transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

Offsetting financial assets with liabilities

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The quantitative information about offsetting financial asset is as follows: **(₹ million)**

	As at 31 March 2019	As at 31 March 2018
Gross amount of recognised trade receivables	5,800.34	5,930.77
Gross amount of recognised factored trade receivables and volume discount set off in the balance sheet	(772.22)	(324.96)
Net amount presented in balance sheet	**5,028.12**	**5,605.81**

37. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Interest rate risk
- Liquidity risk
- Foreign currency exchange rate risk

The Company has a risk management policy/ framework which covers risks associated with the financial assets and liabilities. The risk management policy/ framework is approved by the Treasury Committee. The focus of such framework is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. 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 policies, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Two customer groups accounted for more than 10% of the accounts receivable for the year ended 31 March 2019 and 31 March 2018. Two customer groups accounted individually for more than 10% of the unbilled revenue for the year ended 31 March 2019 and 31 March 2018.

Credit risk exposure

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

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	5,028.12	5,605.81
Unbilled revenue	2,818.67	1,891.48
Total	**7,846.79**	**7,497.29**

The Company's days sales outstanding as at 31 March 2019 is 79 days (31 March 2018: 85 days).
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 the Company 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. One bank accounted for more than 10% of the Company's deposits and bank balances as at 31 March 2019 and 31 March 2018.

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. The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

LIQUIDITY RISK

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. 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 are 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	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	1,438.31	1,975.87
Bank balances other than cash and cash equivalents	27.03	136.15
Current investments	5,864.70	9,627.36
Total	**7,330.04**	**11,739.38**

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. **(₹ million)**

Financial liabilities (31 March 2019)	**On demand**	**0-180 days**	**180 to 365 days**	**365 days and above**	**Total**
Trade payables	179.44	3,146.53	-	-	**3,325.97**
Borrowings	-	2,383.10	-	-	**2,383.10**
Other financial liabilities	27.94	1,758.19	-	39.57	**1,825.70**
Total financial liabilities	**207.38**	**7,287.82**	**-**	**39.57**	**7,534.77**
Financial liabilities (31 March 2018)					
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**

FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the standalone statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

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'). Company also has exposures to Great Britain Pound ('GBP') and Euros ('EUR")). 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).

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

Below is the summary of foreign currency exposure of Company's financial assets and liabilities:

31 March 2019	**₹ million**				
Financial assets	**USD**	**GBP**	**EUR**	**Others**	**Total**
Trade receivables	3,710.31	205.51	204.86	154.44	**4,275.12**
Cash and cash equivalents	1,134.19	-	-	-	**1,134.19**
Other financial assets	263.13	23.32	12.27	126.00	**424.72**
Unbilled receivables	2,126.05	84.17	101.03	57.72	**2,368.97**
Total financial assets	**7,233.68**	**313.00**	**318.16**	**338.16**	**8,203.00**
Financial liabilities					**Total**
Trade payables	1,456.34	0.09	-	72.09	**1,528.52**
Borrowings	1,383.10	-	-	-	**1,383.10**
Other financial liabilities	32.93	-	-	-	**32.93**
Total financial liabilities	**2,872.37**	**0.09**	**-**	**72.09**	**2,944.55**
Net financial assets	**4,361.31**	**312.91**	**318.16**	**266.07**	**5,258.45**

31 March 2018	**₹ million**				
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	58.30	5.35	12.50	-	**76.15**
Unbilled receivables	1,033.68	119.87	139.14	47.54	**1,340.23**
Total financial assets	**6,041.31**	**392.43**	**391.36**	**272.38**	**7,097.48**
Financial liabilities					**Total**
Trade payables	861.67	29.43	5.40	9.53	**906.03**
Borrowings	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	**3,876.49**	**363.00**	**385.96**	**262.85**	**4,888.30**

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 marketplace.

Forward contracts outstanding against receivables as at 31 March 2019 and 31 March 2018 are as below:

Currency	As at 31 March 2019		As at 31 March 2018	
Balance sheet hedges	**Amount (million)**	**Amount in (₹ million)**	**Amount (million)**	**Amount in (₹ million)**
USD	64.79	4,480.55	59.90	3,892.30
GBP	3.28	296.79	3.32	306.09
CAD	2.49	128.23	1.49	75.56
AUD	2.13	104.41	2.17	109.23
EUR	5.40	419.51	4.21	339.94
SGD	1.00	51.04	-	-

Forward contracts outstanding against payables are as below:

Currency	As at 31 March 2019		As at 31 March 2018	
	Amount (million)	**Amount in (₹ million)**	**Amount (million)**	**Amount in (₹ million)**
USD	20.00	1,383.10	20.00	1,299.60

Sensitivity analysis

For every 1% appreciation/depreciation of the respective foreign currencies, the Company's profit before taxes will be impacted approximately by ₹ 6.50 million for the year ended 31 March 2019 (31 March 2018: ₹ 13.84 million).

38. FAIR VALUES

Financial instruments carried at amortised cost such as cash and cash equivalents, other bank balances, trade receivables, loans, other financial assets, unbilled revenue, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to the short-term nature of these instruments.

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.

39. HEDGING ACTIVITIES AND DERIVATIVES

The Company's revenue is denominated in various foreign currencies. Given the nature of business, a large part of the costs are denominated in INR. This exposes the Company to currency fluctuations. The Company uses foreign exchange forward contracts to manage exposure on some of its transactions. The counterparty, for all derivative financial instruments is banks.

The Company has taken cash flow hedges on account of highly probable forecast transactions. Designated cash flow hedges are measured at FVTOCI. Other derivatives which are not designated as hedge are measured at FVTPL.

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 2019 and 31 March 2018 are as below:

	31 March 2019			31 March 2018		
Currency	**Number of contracts**	**Notional amount (million)**	**Fair value (₹ million)**	**Number of contracts**	**Notional amount (million)**	**Fair value (₹ million)**
USD	360	461.70	391.60	291	501.50	460.09
GBP	59	15.23	68.72	26	21.52	(78.24)
EUR	53	13.77	105.64	28	13.49	(19.74)
AUD	36	8.70	28.62	13	11.53	4.57
Total			**594.58**			**366.68**

The movement in cash flow hedging reserve for derivatives designated as cash flow hedge is as follows: **(₹ million)**

	As at 31 March 2019	**As at 31 March 2018**
Balance as per previous financial statements	238.55	707.66
Change in fair value of effective portion of cash flow hedge	(636.21)	883.99
(Gain) / loss transfered to statement of profit and loss on occurrence of forecasted hedges	864.11	(1,599.48)
Income tax effect on the above	(79.64)	246.38
Total	**386.81**	**238.55**

Sensitivity analysis

Every 1% appreciation/depreciation of the respective underlying foreign currencies, the Company's OCI will increase or decrease approximately by ₹ 330.00 million for the year ending 31 March 2019 (31 March 2018: ₹ 343.00 million).

40. Pursuant to the requirement of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by the Company. 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 ₹ 182.20 million (31 March 2018: ₹ 168.57 million). The expenses incurred towards CSR activities amounting to ₹ 182.20 million (31 March 2018: ₹ 129.12 million) has been charged to the statement of profit and loss and is disclosed under other expenses.

Amount spent during the year ended 31 March 2019 and 31 March 2018 is as is as follows: **(₹ million)**

	Year ended 31 March 2019			**Year ended 31 March 2018**		
Particulars	**Paid**	**Not paid**	**Total**	**Paid**	**Not paid**	**Total**
Construction / acquisition of any asset	-	-	-	-	-	-
On purposes other than above	182.20	-	182.20	129.12	-	129.12

41. During the year ended 31 March 2018, upon assessment of future profitability, the Company provided an amount of ₹ 130.78 million (net of tax ₹ 69.22 million) towards expected loss and the same has been disclosed as an exceptional item.

42. The corresponding figures as at and for the year ended 31 March 2018 were audited by a firm, other than B S R & Co. LLP.

43. Subsequent events

The Board of Directors in their meeting held on 27 May 2019 have proposed a final dividend of ₹ 27 per equity share for the year ended 31 March 2019 which is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately ₹ 5,027.91 million, inclusive of dividend distribution tax of ₹ 1,033.50 million.

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

Paris
27 May 2019

Paris
27 May 2019