

Mindtree Limited
Consolidated balance sheet

	Note	As at June 30, 2015	Rs in million As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	838	837
Reserves and surplus	3.1.2	20,390	19,287
		21,228	20,124
Share application money pending allotment	3.1.1 (g)	-	4
Non-current liabilities			
Long-term borrowings	3.2.1	18	23
Other long-term liabilities	3.2.2	240	334
		258	357
Current liabilities			
Trade payables		305	536
Other current liabilities	3.3.1	3,024	3,465
Short-term provisions	3.3.2	1,603	2,063
		4,932	6,064
		26,418	26,549
ASSETS			
Non-current assets			
Goodwill on consolidation	3.14	922	922
Fixed assets			
Tangible assets	3.4.1	4,399	4,513
Intangible assets	3.4.1	108	120
Capital work-in-progress		555	354
Non-current investments	3.4.2	58	8
Deferred tax assets (net)	3.4.3	480	449
Long-term loans and advances	3.4.4	1,623	1,640
Other non-current assets	3.4.5	17	17
		8,162	8,023
Current assets			
Current investments	3.5.1	4,017	5,343
Trade receivables	3.5.2	7,278	6,963
Cash and bank balances	3.5.3	4,210	3,763
Short-term loans and advances	3.5.4	1,340	1,451
Other current assets	3.5.5	1,411	1,006
		18,256	18,526
		26,418	26,549
Significant accounting policies and notes to the accounts	2 & 3		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration Number: 008072S

For **Mindtree Limited**

V. Balaji
Partner
Membership Number: 203685

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Jagannathan Chakravarthi
Chief Financial Officer

Vedavalli Sridharan
Company Secretary

Place: Bengaluru
Date : July 16, 2015

Place: Bengaluru
Date : July 16, 2015

Mindtree Limited
Consolidated statement of profit and loss

Particulars	Note	Rs in million, except share and per share data For the quarter ended	
		June 30, 2015	June 30, 2014
Revenue from operations		9,816	8,435
Other income	3.6	374	210
Total revenues		10,190	8,645
Expense:			
Employee benefits expense	3.7	5,712	4,859
Finance costs	3.15	-	-
Depreciation and amortisation expense	3.4.1	322	228
Other expenses	3.7	2,375	1,891
Total expenses		8,409	6,978
Profit before tax		1,781	1,667
Tax expense:	3.4.3		
Current tax		430	390
Deferred tax		(31)	(17)
Profit for the period		1,382	1,294
Earnings per equity share	3.12		
Equity shares of par value Rs 10/- each			
Basic		16.51	15.51
Diluted		16.45	15.43
Weighted average number of equity shares used in computing earnings per share			
Basic		83,751,547	83,484,436
Diluted		84,044,023	83,896,530

Significant accounting policies and notes to the accounts 2 & 3

The notes referred to above form an integral part of the consolidated financial statements

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Mindtree Limited
Consolidated cash flow statement

	Rs in million	
	For the quarter ended June 30,	
	2015	2014
Cash flow from operating activities		
Profit before tax	1,781	1,667
Adjustments for :		
Depreciation and amortisation	322	228
Amortization of stock compensation cost	35	97
Interest / dividend income	(104)	(44)
Profit on sale of fixed assets	(1)	-
Profit on sale of investments	(65)	(27)
Exchange difference on derivatives	8	(10)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(36)	(7)
Operating profit before working capital changes	1,940	1,904
Changes in trade receivables	(315)	(901)
Changes in loans and advances and other assets	(272)	118
Changes in liabilities and provisions	(726)	(199)
Net cash provided by operating activities before taxes	627	922
Income taxes paid	(291)	(254)
Net cash provided by operating activities	336	668
Cash flow from investing activities		
Purchase of fixed assets	(464)	(441)
Proceeds from sale of fixed assets	1	-
Purchase consideration	(20)	-
Interest/ dividend received from investments	51	33
Purchase of investments	(3,486)	(2,477)
Sale/maturities of investments	4,827	2,453
Net cash provided by/ (used in) investing activities	909	(432)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	6	36
Interest paid on loans	(1)	(1)
Repayment of borrowings	(4)	(4)
Dividends paid (including distribution tax)	(835)	(243)
Net cash used in financing activities	(834)	(212)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	36	7
Net increase in cash and cash equivalents	447	31
Cash and cash equivalents at the beginning of the period	3,763	1,184
Cash and cash equivalents at the end of the period (Refer note 3.5.3)	4,210	1,215

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration Number: 008072S

For **Mindtree Limited**

V. Balaji

Partner

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Place: Bengaluru
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Mindtree Limited**Significant accounting policies and notes to the accounts****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****1. Background**

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shanghai) Co. Ltd, Discoverture Solutions L.L.C., Discoverture Solutions U.L.C. and Discoverture Solutions Europe Limited collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into five verticals – Manufacturing, BFSI, Hitech, Travel & transportation and Others. The Group offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Group is head quartered in Bengaluru and has offices in India, United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium, France, Ireland and Republic of China.

2. Significant accounting policies**2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI).

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Mindtree and its subsidiaries as set out below.

Name of the subsidiary	Country of incorporation	Proportion of interest
Mindtree Software (Shanghai) Co. Ltd.	Republic of China	100%
Discoverture Solutions L.L.C.*	U.S.A.	100%
Discoverture Solutions U.L.C.*	Canada	100%
Discoverture Solutions Europe Limited*	U.K.	100%

*Consolidated with effect from February 13, 2015.

The financial statements of Mindtree and its wholly owned and controlled subsidiaries have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/ transactions and the resultant unrealized gain/loss from the date the parent company acquired control of those subsidiaries. The excess / deficit of cost to the

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

Company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent Company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period are adjusted for the effects of significant transactions, up to the date of investment.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.4 Fixed assets and depreciation

- 2.4.1 Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.
- 2.4.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Group.
- 2.4.3 Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.
- 2.4.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in-progress.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

- 2.4.5 Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Group. Depreciation for assets purchased/sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The Group estimates the useful lives for fixed assets as follows:

Asset classification	Useful life
Buildings	5-30 years
Computer systems	2-3 years
Computer software	2 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Motor vehicles	4 years
Plant and machinery	4 years
Intellectual property	5 years

The Group believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary.

- 2.4.6 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements and assets acquired on finance lease are amortised over the lease term or useful life, whichever is lower.

2.5 Investments

- 2.5.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.
- 2.5.2 Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.
- 2.5.3 Profit or loss on sale of investments is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

2.6 Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement comprises cash in hand and balance in bank in current accounts and deposit accounts.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****2.7 Consolidated cash flow statement**

Cash flows are reported using the indirect method, whereby consolidated net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

2.8 Employee benefits

- 2.8.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Group has an employees' gratuity fund managed by ICICI Prudential Life Insurance Company, SBI Life Insurance Company and Life Insurance Corporation of India. Actuarial gains and losses are charged to the statement of profit and loss.
- 2.8.2 Compensated absences are a long-term employee benefit and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Group accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.
- 2.8.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss in the period in which the employee renders services.

2.9 Revenue recognition

- 2.9.1 The Group derives its revenues primarily from software services. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Maintenance revenue is recognised ratably over the period of the maintenance contract.

- 2.9.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers. Revenues are stated net of discount.
- 2.9.3 Dividend income is recognised when the right to receive payment is established.
- 2.9.4 Interest income is recognised using the time proportion method, based on the transactional interest rates.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****2.10 Foreign exchange transactions**

- 2.10.1 The Group is exposed to foreign currency transactions including foreign currency revenues, receivables and borrowings. With a view to minimize the volatility arising from fluctuations in currency rates, the Group enters into foreign exchange forward contracts and other derivative instruments.
- 2.10.2 Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the statement of profit and loss for the period.
- 2.10.3 Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- 2.10.4 In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the statement of profit and loss.
- 2.10.5 Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortised as income or expense over the life of the contract.
- 2.10.6 For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, the Group has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Group has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/(gain) is debited/credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/ (gain) has been debited/ credited to statement of profit and loss.

Mindtree Limited
Significant accounting policies and notes to the accounts (continued)
For the quarter ended June 30, 2015
(Rupees in millions, except share and per share data, unless otherwise stated)

2.11 Warranties

Warranty costs (i.e. post contract support services) are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of recognition of revenue.

2.12 Provision and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

2.13 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group. Deferred tax charge or credit are recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing difference originate. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain to be realised.

Minimum alternate tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet if there is a convincing evidence that the Group will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. MAT credit entitlement can be carried forward and utilized for a period of ten years from the period in which such credit is availed.

The entities within the Group offset, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****2.14 Earnings per share**

In determining earnings per share, the Group considers the consolidated net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the period. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.15 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised. In respect of goodwill, impairment loss will be reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

2.16 Employee stock based compensation

The Group measures the compensation cost relating to employee stock options, restricted shares and phantom stock options using the intrinsic value method. The compensation cost is amortised over the vesting/ service period.

2.17 Goodwill

Goodwill arising on consolidation/ acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****2.18 Government grants**

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

- (i) the Group will comply with the conditions attached to them; and
- (ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a nominal value.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3. Notes to the accounts****3.1 Shareholders' funds****3.1.1 Share capital**

a)

Particulars	As at	As at
	June 30, 2015	March 31, 2015
Authorised		
800,000,000 (March 31, 2015 : 800,000,000) equity shares of Rs 10 each	8,000	8,000
Issued, subscribed and paid-up capital		
83,771,202 (March 31, 2015 : 83,732,372) equity shares of Rs 10 each fully paid	838	837
Total	838	837

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

Particulars	As at		As at	
	June 30, 2015		March 31, 2015	
	No of shares	Rs	No of shares	Rs
Number of shares outstanding at the beginning of the period	83,732,372	837	41,689,731	417
Add: Shares issued on exercise of employee stock options and restricted shares	38,830	1	276,980	2
Add: Bonus shares issued *	-	-	41,765,661	418
Number of shares outstanding at the end of the period	83,771,202	838	83,732,372	837

*Refer note 3.1.1 (e).

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

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

The Board of Directors at its meeting held on July 16, 2015 have recommended an interim dividend of 30% (Rs 3 per equity share of par value Rs 10/- each) for the quarter ended June 30, 2015.

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

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

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

- d) Equity shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the period is as given below:

Sr. No.	Name of the shareholder	As at June 30, 2015		As at March 31, 2015	
		Number of shares	%	Number of shares	%
1	Coffee Day Enterprises Limited	8,730,884	10.4%	8,730,884	10.4%
2	Nalanda India Fund Limited	7,898,178	9.4%	7,898,178	9.4%
3	Coffee Day Trading Limited	5,297,122	6.3%	5,297,122	6.3%

- e) In the period of five years immediately preceding June 30, 2015:
- The Group has allotted 41,765,661 fully paid up equity shares during the quarter ended June 30, 2014 pursuant to 1:1 bonus share issue approved by shareholders. Consequently, options/ units granted under the various employee share based plans are adjusted for bonus share issue.
 - The Group has not bought back any equity shares.
 - The Group has not allotted any equity shares as fully paid up without payment being received in cash.

f) **Employee stock based compensation**

The Group instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Group currently administers seven stock option programs, a restricted stock purchase plan and a phantom stock options plan.

Program 1 [ESOP 1999]

This plan was terminated on September 30, 2001 and there are no options outstanding as at the reporting date.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)*****Program 2 [ESOP 2001]***

Options under this program have been granted to employees at an exercise price of Rs 50 per option (Rs. 25 per option post bonus issue). All stock options have a four-year vesting term and vest and become fully exercisable at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or after October 1, 2001 or have been issued employment offer letters on or after August 8, 2001 or options granted to existing employees with grant date on or after October 1, 2001. This plan was terminated on April 30, 2006. The contractual life of each option is 11 years after the date of grant.

Particulars	Quarter ended June 30,	
	2015	2014*
Outstanding options, beginning of the period	23,072	54,777
Granted during the period	-	-
Exercised during the period	2,216	6,177
Lapsed during the period	904	1,504
Forfeited during the period	-	-
Outstanding options, end of the period	19,952	47,096
Options vested and exercisable, end of the period	19,952	47,096

*Adjusted for bonus issue. Refer note 3.1.1 (e)

Program 3 [ESOP 2006 (a)]

This plan was terminated on October 25, 2006 and there are no options outstanding as at the reporting dates.

Program 4 [ESOP 2006 (b)]

Options under this program are granted to employees at an exercise price periodically determined by the Nomination and remuneration Committee. All stock options have a four-year vesting term and vest and become fully exercisable at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Particulars	Quarter ended June 30,	
	2015	2014*
Outstanding options, beginning of the period	74,000	213,750
Granted during the period	-	-
Exercised during the period	35,650	33,000
Lapsed during the period	-	-
Forfeited during the period	-	47,750
Outstanding options, end of the period	38,350	133,000
Options vested and exercisable, end of the period	38,350	112,350

*Adjusted for bonus issue. Refer note 3.1.1 (e)

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)*****Program 5 [ESOP 2008A]***

Options under this program are granted to employees of erstwhile Aztecsoft Limited as per swap ratio of 2:11 as specified in the merger scheme. Each new option is entitled to 1 equity share of Rs 10 each.

Particulars	Quarter ended June 30,	
	2015	2014*
Outstanding options, beginning of the period	83,076	168,295
Granted during the period	-	-
Exercised during the period	964	1,753
Lapsed during the period	-	-
Forfeited during the period	-	-
Outstanding options, end of the period	82,112	166,542
Options vested and exercisable, end of the period	82,112	166,542

*Adjusted for bonus issue. Refer note 3.1.1 (e)

Directors' Stock Option Plan, 2006 ('DSOP 2006')

Options under this program have been granted to independent directors at an exercise price periodically determined by the Nomination and remuneration Committee. All stock options vest and become fully exercisable equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant. Each option is entitled to 1 equity share of Rs 10 each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Quarter ended June 30,	
	2015	2014*
Outstanding options, beginning of the period	40,000	75,000
Granted during the period	-	-
Exercised during the period	-	35,000
Lapsed during the period	-	-
Forfeited during the period	-	-
Outstanding options, end of the period	40,000	40,000
Options vested and exercisable, end of the period	40,000	26,667

*Adjusted for bonus issue. Refer note 3.1.1 (e)

Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received by the Group from the BSE and NSE for 1,135,000 equity shares of Rs 10 each. No options have been granted under the program as at June 30, 2015.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)*****Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012')***

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

Particulars	Quarter ended June 30,	
	2015	2014
Outstanding shares, beginning of the period	-	-
Granted during the period	-	33,830
Exercised during the period	-	24,368
Lapsed during the period	-	-
Forfeited during the period	-	-
Outstanding shares, end of the period	-	9,462
Shares vested and exercisable, end of the period	-	9,462

The Group has also granted phantom stock options and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the grant/issue as at June 30, 2015 are given below:

Particulars	Phantom stock options plan*	ERSP 2012 plan*
Total no. of units/ shares	765,000	230,000
Vested units/ shares	100,980	28,248
Lapsed units/ shares	31,332	8,306
Forfeited units/ shares	-	33,000
Cancelled units/ shares	497,250	-
Outstanding units/ shares as at the end of the period	135,438	160,446
Contractual life	2 years	4 years
Date of grant	18-Jul-13	18-Jul-13**
Price per share/ unit	Grant price of Rs 455	Exercise price of Rs 10**

*Adjusted for bonus issue. Refer note 3.1.1 (e).

**Based on Letter of Intent

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

The following table summarizes information about the weighted average exercise price of options/ shares exercised under various programs:

Particulars	Amount in Rs	
	Quarter ended June 30,	
	2015	2014*
Program 2	25.00	50.00
Program 4	270.52	481.64
Program 5	239.25	179.58
DSOP 2006	-	560.00
ERSP 2012	-	10.00

*The options were exercised before the issue of bonus shares and accordingly the exercise price is not adjusted for bonus issue.

The following tables summarize information about the options/ shares outstanding under various programs as at June 30, 2015 and March 31, 2015 respectively:

Particulars	As at June 30, 2015		
	Number of options/ shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	19,952	0.97	25.00
Program 4	38,350	0.16	260.00
Program 5	82,112	2.08	214.89
DSOP 2006	40,000	0.85	278.00

Particulars	As at March 31, 2015		
	Number of options/ shares	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 2	23,072	0.70	25.00
Program 4	74,000	0.32	265.07
Program 5	83,076	2.32	215.18
DSOP 2006	40,000	1.10	278.00

The Group has recorded compensation cost for all grants using the intrinsic value-based method of accounting, in line with prescribed SEBI guidelines.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

Had the compensation cost been determined according to the fair value approach described in the Guidance Note on “Accounting for employee share based payments” issued by ICAI, the Group’s net profit and EPS as reported would have been adjusted to the pro-forma amounts indicated below:

Particulars	Quarter ended June 30,	
	2015	2014
Net profit as reported	1,382	1,294
Add: Stock-based employee compensation expense (intrinsic value method)	34	97
Less: Stock-based employee compensation expense (fair value method)	(34)	(84)
Pro forma net profit	1,382	1,307
Basic earnings per share as reported	16.51	15.51
Pro forma basic earnings per share	16.51	15.66
Diluted earnings per share as reported	16.45	15.43
Pro forma diluted earnings per share	16.45	15.59

- g) As at March 31, 2015, the Group had received Rs 4 towards allotment of 15,000 equity shares and 276 equity shares at exercise prices of Rs 285 each and Rs 25 each respectively and it was shown under Share application money pending allotment. The Group made the allotment for the 15,276 equity shares during the quarter ended June 30, 2015.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.1.2 Reserves and surplus**

Particulars	As at June 30, 2015	As at March 31, 2015
<i>Capital reserve</i>		
Opening balance	87	87
	87	87
<i>Securities premium reserve</i>		
Opening balance	1,860	2,170
Additions during the period	10	108
Less: Amount utilised for bonus shares	-	(418)
	1,870	1,860
<i>General reserve</i>		
Opening balance	1,542	1,542
Add: Transfer from statement of profit and loss	-	-
	1,542	1,542
<i>Share option outstanding account</i>		
Opening balance	78	68
Additions during the period	13	10
	91	78
<i>Hedge reserve</i>		
Opening balance	-	49
Movement during the period	-	(49)
	-	-
<i>Surplus (Balance in the statement of profit and loss)</i>		
Opening balance	15,720	12,072
Add: Amount transferred from statement of profit and loss	1,382	5,363
Amount available for appropriations	17,102	17,435
Appropriations:		
Interim dividend	(251)	(586)
Final dividend	-	(838)
Dividend distribution tax	(51)	(291)
	16,800	15,720
Total	20,390	19,287

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.2 Non-current liabilities****3.2.1 Long-term borrowings**

Particulars	As at June 30, 2015	As at March 31, 2015
<i>(Unsecured)</i>		
Other loans and advances	18	23
Total	18	23

Long-term borrowings represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under “Development of Intelligent Video Surveillance Server (IVSS) system”.

The loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

There is no continuing default in the repayment of the principal loan and interest amounts.

3.2.2 Other long-term liabilities

Particulars	As at June 30, 2015	As at March 31, 2015
Other long-term liabilities	240	334
Total	240	334

Mindtree Limited
Significant accounting policies and notes to the accounts (continued)
For the quarter ended June 30, 2015
(Rupees in millions, except share and per share data, unless otherwise stated)

3.3 Current liabilities

3.3.1 Other current liabilities

Particulars	As at June 30, 2015	As at March 31, 2015
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	-	1
Unearned income	202	225
Unpaid dividends	8	5
Creditors for capital goods	102	218
Advances from customers	28	27
Dividend distribution tax payable	172	-
Employee related liabilities	882	1,477
Book overdraft	4	155
Other liabilities**	1,621	1,352
Total	3,024	3,465

*The details of interest rates, repayment and other terms are disclosed under note 3.2.1.

**Includes derivative liability of Rs 3 (As at March 31, 2015: Rs 3).

As at June 30, 2015, the Group has outstanding forward contracts amounting to USD 30.5 million (As at March 31, 2015: USD 32 million), GBP 2.5 million (As at March 31, 2015: GBP 2.25 million) and Euro 4 million (As at March 31, 2015: Euro 4.5 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

The above derivative instruments have been fair valued at the balance sheet date and resultant exchange loss of Rs 8 for the quarter ended June 30, 2015 (for the quarter ended June 30, 2014: exchange gain of Rs 10) has been recorded in the statement of profit and loss.

3.3.2 Short-term provisions

Particulars	As at June 30, 2015	As at March 31, 2015
Provision for employee benefits		
- Gratuity	-	18
- Compensated absences	396	357
Provision for taxes, net of advance tax and tax deducted at source	396	239
Provision for discount	432	367
Dividend payable	251	837
Dividend distribution tax payable	51	172
Provision for foreseeable losses on contracts	-	-
Provision for post contract support services	6	5
Provision for disputed dues*	71	68
Total	1,603	2,063

*Represents disputed tax dues provided pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with the relevant authority. In respect of the provisions of AS 29, the disclosures required have not been provided in accordance with paragraph 72 of AS 29.

The following table sets out the status of the gratuity plan as required under AS 15 - Employee Benefits.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

Particulars	As at June 30, 2015	As at March 31, 2015
Change in projected benefit obligations		
Obligations at the beginning of the period	413	365
Service cost	24	81
Interest cost	8	29
Benefits settled	(14)	(55)
Actuarial (gain)/ loss	(40)	(7)
Obligations at end of the period	391	413
Change in plan assets		
Plan assets at the beginning of the period, at fair value	395	363
Expected return on plan assets	9	29
Actuarial gain/ (loss)	6	5
Contributions	-	53
Benefits settled	(14)	(55)
Plan assets at the end of the period, at fair value	396	395

Reconciliation of the present value of the obligation and the fair value of the plan assets

Particulars	As at June 30, 2015	As at June 30, 2015	As at March 31,		
			2014	2013	2012
Fair value of plan assets at the end of the period	396	395	363	313	275
Present value of defined obligations at the end of the period	(391)	(413)	(365)	(324)	(276)
Asset/ (liability) recognised in the balance sheet	5	(18)	(2)	(11)	(1)

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

Particulars	For the quarter ended June 30,	
	2015	2014
Gratuity cost		
Service cost	24	21
Interest cost	8	7
Expected return on plan assets	(9)	(7)
Actuarial (gain)/loss	(46)	(29)
Net gratuity cost	(23)	(8)
Actual return on plan assets	15	13
Assumptions		
Interest rate	8.10%	8.70%
Expected rate of return on plan assets	7.50%	8.00%
Salary increase	5.00%	6.00%
Attrition rate	14.23%	14.23%
Retirement age	60	60

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

The disclosure of provisions movement as required under the provisions of AS 29 is as follows:-

Provision for post contract support services

Particulars	For the quarter ended June 30,		For the year ended March 31,
	2015	2014	2015
Balance at the beginning of the period	5	4	4
Provisions made during the period	1	1	2
Utilisations during the period	-	-	-
Released during the period	-	-	(1)
Provision at the end of the period	6	5	5

Provision for discount

Particulars	For the quarter ended June 30,		For the year ended March 31,
	2015	2014	2015
Balance at the beginning of the period	367	270	270
Provisions made during the period	106	101	433
Utilisations during the period	(39)	(7)	(328)
Released during the period	(2)	-	(8)
Provision at the end of the period	432	364	367
Current	432	316	367
Non-current	-	48	-

Mindtree Limited

Significant accounting policies and notes to the accounts

For the quarter ended June 30, 2015

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

3.4 Non-current assets

3.4.1 Fixed assets

Assets	Gross block				Accumulated depreciation				Net book value
	As at April 1, 2015	Additions during the period	Deletions during the period	As at June 30, 2015	As at April 1, 2015	For the period	Deletions during the period	As at June 30, 2015	As at June 30, 2015
Tangible assets									
Leasehold land	425	-	-	425	95	3	-	98	327
Buildings	3,621	5	-	3,626	1,105	54	-	1,159	2,467
Leasehold improvements	1,016	-	-	1,016	554	35	-	589	427
Computer systems	2,047	115	24	2,138	1,406	130	24	1,512	626
Test equipment	217	-	-	217	217	-	-	217	-
Furniture and fixtures	261	32	6	287	168	7	6	169	118
Electrical installations	521	-	1	520	319	26	1	344	176
Office equipment	734	16	11	739	496	25	11	510	229
Motor vehicles	29	-	-	29	5	2	-	7	22
Plant and machinery	8	-	-	8	1	-	-	1	7
Total (A)	8,879	168	42	9,005	4,366	282	42	4,606	4,399
Intangible assets									
Intellectual property	67	-	-	67	65	2	-	67	-
Computer Software	935	28	4	959	817	38	4	851	108
Total (B)	1,002	28	4	1,026	882	40	4	918	108
Total (A+B)	9,881	196	46	10,031	5,248	322	46	5,524	4,507

Mindtree Limited
Significant accounting policies and notes to the accounts (continued)
For the quarter ended June 30, 2015
(Rupees in millions, except share and per share data, unless otherwise stated)
3.4.1. Fixed assets (continued)

Assets	Gross block					Accumulated depreciation					Net book value
	As at April 1, 2014	Additions on account of acquisition*	Additions during the year	Deletions during the year	As at March 31, 2015	As at April 1, 2014	Additions on account of acquisition*	For the year	Deletions during the year	As at March 31, 2015	As at March 31, 2015
Tangible assets											
Leasehold land	425	-	-	-	425	83	-	12	-	95	330
Buildings	2,694	-	928	1	3,621	957	-	149	1	1,105	2,516
Leasehold improvements	819	-	197	-	1,016	428	-	126	-	554	462
Computer systems	1,570	10	569	102	2,047	1,085	6	416	101	1,406	641
Test equipment	218	-	-	1	217	217	-	1	1	217	-
Furniture and fixtures	191	4	71	5	261	157	2	14	5	168	93
Electrical installations	360	-	167	6	521	256	-	69	6	319	202
Office equipment	600	3	155	24	734	436	3	81	24	496	238
Motor vehicles	2	-	28	1	29	1	-	5	1	5	24
Plant and machinery	8	-	-	-	8	1	-	-	-	1	7
Total (A)	6,887	17	2,115	140	8,879	3,621	11	873	139	4,366	4,513
Intangible assets											
Intellectual property	67	-	-	-	67	52	-	13	-	65	2
Computer Software	892	14	94	65	935	737	13	132	65	817	118
Total (B)	959	14	94	65	1,002	789	13	145	65	882	120
Total (A+B)	7,846	31	2,209	205	9,881	4,410	24	1,018	204	5,248	4,633

*Refer note 3.14

Mindtree Limited**Significant accounting policies and notes to the accounts****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.4.2 Non-current investments**

Particulars	As at June 30, 2015	As at March 31, 2015
Investment in non-convertible bonds	50	-
Trade investments (unquoted)		
- Investment in equity instruments	2	2
- Investment in preference shares	7	7
Less: Provision for diminution in value of investments	(1)	(1)
Total	58	8
Aggregate amount of quoted investments	50	-
Aggregate market value of quoted investments	50	-
Aggregate amount of unquoted investments	9	9

Details of investment in equity instruments are as given below:

Particulars	As at June 30, 2015	As at March 31, 2015
2,400 (previous year: 2,400) equity shares in Career Community.com Limited	1	1
12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited	-	-
950,000 (previous year: 950,000) equity shares of Rs 1 each in NuvePro Technologies Private Limited	1	1
Total	2	2

Details of investment in preference shares are as given below:

Particulars	As at June 30, 2015	As at March 31, 2015
643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$ 0.2557 each in 30 Second Software Inc	7	7
Total	7	7

Details of investment in non-convertible bonds are as given below:

Particulars	As at June 30, 2015	As at March 31, 2015
50 secured redeemable non-convertible bonds of Rs 1 million in the nature of promissory notes in PNB Housing Finance Limited	50	-
Total	50	-

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.4.3 Taxes**

Particulars	For the quarter ended June 30,	
	2015	2014
Tax expense		
Current tax	430	390
Deferred tax	(31)	(17)
Total	399	373

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

The Group also has STPI units at Bengaluru and Pune which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961.

Deferred tax assets (net):

Deferred tax assets included in the balance sheet comprises the following:

Particulars	As at	As at
	June 30, 2015	March 31, 2015
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	219	205
Provision for doubtful debts	18	16
Provision for compensated absence	124	117
Provision for volume discount	41	39
Others	78	72
Total deferred tax assets	480	449

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.4.4 Long-term loans and advances**

Particulars	As at June 30, 2015	As at March 31, 2015
<i>(Unsecured, considered good)</i>		
Capital advances	59	107
Security deposits*	551	547
Advance tax and tax deducted at source, net of provision for taxes	855	834
MAT credit entitlement	119	110
Other loans and advances	39	42
Total	1,623	1,640

*Refer note 3.10 for related party balances.

3.4.5 Other non-current assets

Particulars	As at June 30, 2015	As at March 31, 2015
<i>(Unsecured considered good)</i>		
Other non-current assets	17	17
Total	17	17

3.5 Current assets**3.5.1 Current investments**

Particulars	As at June 30, 2015	As at March 31, 2015
Investment in mutual funds (quoted)	3,317	4,643
Term deposits (unquoted)	700	700
Total	4,017	5,343
Aggregate carrying amount of quoted investments	3,317	4,643
Aggregate market value of quoted investments	3,413	4,790
Aggregate amount of unquoted investments	700	700

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

Details of investment in mutual funds are as given below:

Particulars	As at June 30, 2015		As at March 31, 2015	
	<i>No of units</i>	<i>Amount</i>	<i>No of units</i>	<i>Amount</i>
ICICI Prudential Mutual Fund	20,729,926	393	28,722,324	472
IDFC Mutual Fund	40,736,312	437	37,530,726	433
UTI Mutual Fund	3,643,027	249	13,456,138	158
Franklin Templeton Mutual Fund	11,863,584	292	11,695,643	290
DSP Blackrock Mutual Fund	14,660,001	148	14,790,537	351
Birla Sun Life Mutual Fund	7,702,721	240	20,007,295	454
Reliance Mutual Fund	17,651,564	301	23,725,772	428
Tata Mutual Fund	25,525,898	379	36,229,022	422
DWS Mutual Fund	4,544,693	45	4,483,697	45
SBI Mutual Fund	5,657,765	147	13,787,278	358
HDFC Mutual Fund	22,372,591	368	27,872,023	424
Axis Mutual Fund	102,092	105	100,840	104
Bank of India AXA Mutual Fund	10,000,000	100	10,000,000	100
Kotak Mutual Fund	5,750,434	58	5,681,936	58
JP Morgan India Mutual Fund	3,582,647	55	16,989,901	189
L & T Mutual Fund	-	-	98,576	100
IDBI Mutual Fund	-	-	254,281	257
Total		3,317		4,643

Details of investments in term deposit are as given below:

Particulars	As at	As at
	June 30, 2015	March 31, 2015
HDFC Limited	700	700
Total	700	700

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.5.2 Trade receivables**

Particulars	As at June 30, 2015	As at March 31, 2015
<i>(Unsecured)</i>		
Debts overdue for a period exceeding six months		
- considered good	56	62
- considered doubtful	96	75
Other debts		
- considered good	7,222	6,901
- considered doubtful	7	8
Less: Provision for doubtful debts	(103)	(83)
Total	7,278	6,963

3.5.3 Cash and bank balances

Particulars	As at June 30, 2015	As at March 31, 2015
Balances with banks in current and deposit accounts*	4,202	3,758
Cash on hand	-	-
Other bank balances**	8	5
Total	4,210	3,763

*The deposits maintained by the Group with banks comprises time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

**Other bank balances represent earmarked balances in respect of unpaid dividends.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.5.4 Short-term loans and advances**

Particulars	As at	As at
	June 30, 2015	March 31, 2015
<i>(Unsecured, considered good)</i>		
Security deposits	117	143
MAT credit entitlement	24	36
Advances recoverable in cash or in kind or for value to be received*	1,219	1,292
Less: Provision for doubtful advances	(20)	(20)
Total	1,340	1,451

*Refer note 3.10 for related party balances. This also includes amounts pertaining to housing deposits, vehicles, medical emergencies and salary advances given to employees to the extent of Rs 169 as at June 30, 2015. (As at March 31, 2015: Rs 194).

3.5.5 Other current assets

Particulars	As at	As at
	June 30, 2015	March 31, 2015
Unbilled revenue	1,390	982
Gratuity - Excess of plan assets over obligations*	5	-
Other current assets**	16	24
Total	1,411	1,006

*Refer 3.3.2 for status of gratuity plan as required under AS 15.

**Represents derivative asset of Rs 16 (As at March 31, 2015: Rs 24)

3.6 Other income

Particulars	For the quarter ended June 30,	
	2015	2014
Interest income	64	13
Dividend income	40	31
Net gain on sale of investments	65	27
Foreign exchange gain/ (loss)	202	137
Other non-operating income	3	2
Total	374	210

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.7 Expenses**

Employee benefits expense	For the quarter ended June 30,	
	2015	2014
Salaries and wages	5,185	4,379
Contribution to provident and other funds	456	347
Expense on employee stock based compensation*	35	97
Staff welfare expenses	36	36
Total	5,712	4,859
Other expenses	For the quarter ended June 30,	
	2015	2014
Travel expenses	638	514
Communication expenses	131	87
Sub-contractor charges	588	463
Computer consumables	144	86
Legal and Professional charges	92	99
Power and fuel	80	78
Rent (Refer note 3.11)	169	152
Repairs to buildings	16	13
Repairs to machinery	7	6
Insurance	13	11
Rates and taxes	31	21
Adjustments to the carrying amount of investments	5	-
Other expenses	461	361
Total	2,375	1,891

*Refer note 3.1.1 (f)

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.8 Contingent liabilities**

- a) The Group has received an income tax assessment for the financial year 2008-09 wherein demand of Rs 24 has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group and disallowance of portion of profit earned outside India from the STP and SEZ units.

Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demands received.

The Group has received a favourable order from the Commissioner of Income tax (Appeals) for majority of grounds and considering the order passed, there will not be any demand on the Group. On the other grounds which are not favourable, the Group has filed an appeal before the Income Tax Appellate Tribunal ('ITAT').

- b) The Group has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 on account of certain disallowances/adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.
- c) The Group has received income tax assessments under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 210, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 450 against these demands.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

The Group received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the Group's contentions and quashed the demand raised. The Income tax department appealed against the above mentioned order with ITAT. ITAT, in an earlier year passed an order setting aside both the orders of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and remanded the matter back to the Assessing Officer for re-assessment. The Group preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment. The Assistant Commissioner of Income tax has completed the reassessment & has issued a draft assessment order with a revised demand amounting to Rs 198 due to transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Dispute Resolution Panel.

The Group has received the order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Group has a filed an appeal with ITAT, Bengaluru.

The Group has appealed against the demands received for financial years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. Based on favourable order received by the Group for the financial year 2001-02 from the Commissioner of Income Tax (Appeals) and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

- d) The Group received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

The Group has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavorable grounds, the Group has filed an appeal before Income Tax Appellate Tribunal. The final order giving effect by the Assessing Officer is completed and the demand is reduced to Rs 33. The Group has deposited Rs 5 with the department against this demand.

- e) The Group has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals).

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.8.1 Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2015 is Rs 336 (March 31, 2015: Rs 508).

3.9 Segmental reporting

The Group is structured into five verticals – RCM, BFSI, HTMS, TH and Others. The Group considers business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

The assets of the Group are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****Business segments**

Statement of profit and loss	For the quarter ended June 30,	
	2015	2014
Segment revenue		
RCM	2,164	1,785
BFSI	2,587	1,917
HTMS	3,116	2,757
TH	1,523	1,380
Others	426	596
Total	9,816	8,435
Segment operating income		
RCM	476	317
BFSI	318	201
HTMS	526	643
TH	218	268
Others	191	256
Total	1,729	1,685
Unallocable expenses	(322)	(228)
Profit for the period before interest, other income and tax	1,407	1,457
Finance costs	-	-
Other income	374	210
Net profit before taxes	1,781	1,667
Income taxes	(399)	(373)
Net profit after taxes	1,382	1,294

Geographical segments

Revenues	For the quarter ended June 30,	
	2015	2014
America	6,624	4,994
Europe	2,149	2,260
India	335	296
Rest of World	708	885
Total	9,816	8,435

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.10 Related party transactions**

Name of related party	Nature of relationship
Mindtree Foundation	Entity with common key managerial person
Coffee Day Global Limited	
Tanglin Developments Limited ('TDL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.75% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Mysore Amalgamated Coffee Estate Ltd	

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	For the quarter ended June 30,	
		2015	2014
Mysore Amalgamated Coffee Estate Ltd	Reimbursement of travel expenses	1	-
Mindtree Foundation	Donation paid	18	13
Coffee Day Global Limited	Procurement of supplies	2	4
Tanglin Developments Limited	Leasing office buildings and land	89	80
	Advances/ deposits paid		
	- towards electricity deposit/ charges	-	9
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	12	15
	- towards lease rentals	46	31
	Interest on advance towards electricity charges/ deposit	-	4

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)***Balances receivable from related parties are as follows:*

Name of related party	Nature of transactions	As at June 30, 2015	As at March 31, 2015
Tanglin Developments Limited	Rental Advance	63	94
	Advance towards electricity charges	4	16
	Security deposit (including electricity deposit) returnable on termination of lease	360	375

Key Managerial Personnel:

Subroto Bagchi	Executive Chairman
Krishnakumar Natarajan	CEO and Managing Director
N.S. Parthasarathy	Executive Director, President and Chief Operating Officer
Rostow Ramanan	Executive Director, Head – Europe, Service lines and Key Accounts
Dr. Albert Hieronimus	Non-Executive Vice Chairman and Independent Director
Apurva Purohit	Independent Director
Manisha Girotra	Independent Director
Prof. Pankaj Chandra	Independent Director
Ramesh Ramanathan	Independent Director
V.G.Siddhartha	Non-Executive Director
Jagannathan Chakravarthi*	Chief Financial Officer
Vedavalli Sridharan**	Company Secretary

*Appointed with effect from April 1, 2015.

**Appointed with effect from June 22, 2015.

Remuneration to key managerial personnel during the quarter ended June 30, 2015 amounts to Rs 35 (for the quarter ended June 30, 2014: Rs 106). Dividends paid to directors during the quarter ended June 30, 2015 amounts to Rs 109 (for the quarter ended June 30, 2014 amounts to Rs 32).

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

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)****3.11 Lease transactions**

Lease rental expense under non-cancellable operating lease during the quarter ended June 30, 2015 amounted to Rs 106 (for the quarter ended June 30, 2014: Rs 81). Future minimum lease payments under non-cancellable operating lease are as below:

Particulars	As at June 30, 2015	As at March 31, 2015
Payable -- Not later than one year	390	403
Payable -- Later than one year and not later than five years	493	543
Payable -- later than five years	100	106

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the quarter ended June 30, 2015 was Rs 63 (for the quarter ended June 30, 2014: Rs 71).

3.12 Earnings per share

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

Particulars	For the quarter ended June 30, 2015		For the quarter ended June 30, 2014	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	83,751,547	83,751,547	83,484,436	83,484,436
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	292,476	-	412,094
Weighted average number of equity shares for calculation of earnings per share	83,751,547	84,044,023	83,484,436	83,896,530

3.13 The Group has a development center at Gainesville, Florida, US. The state of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

Nature of expenses	For the quarter ended June 30,	
	2015	2014
Grant towards workforce training	-	9
Total	-	9

The Group has availed a non-monetary grant of USD 950,000 for renovation of project facility in the previous year. This grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the development center at Gainesville, Florida, US.

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

- 3.14** The Group acquired 100% equity interest in Discoverture Solutions L.L.C. (Discoverture), a US based IT solution provider to the insurance industry, for a consideration of USD 17 million. The consideration includes future payments which are based on achievement of certain specific milestones which have currently been provided for based on best estimate of the Group. The transfer of membership interests and control of Discoverture is effective February 13, 2015 and consequently, Discoverture has become a 100% subsidiary of the Group effective that date. From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line by line basis. The consolidation has resulted in a goodwill of Rs 922. Results from this acquisition are grouped under BFSI in the segmental reporting given above.
- 3.15** The financial statements are presented in Rs in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest Rs in million are given as follows:

Balance Sheet items		<i>Amount in Rs</i>	
Particulars	As at June 30, 2015	As at March 31, 2015	
Share application money pending allotment	54,000	-	
Interest accrued but not due on borrowings	57,261	-	
Provision for foreseeable losses on contracts	276,438	275,752	
Cash on hand	31,515	21,148	
12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited	126,400	126,400	
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Statement of Profit and Loss items		<i>Amount in Rs</i>	
Particulars	For the quarter ended June 30, 2015	2014	
Finance cost	194,688	229,045	

Mindtree Limited**Significant accounting policies and notes to the accounts (continued)****For the quarter ended June 30, 2015****(Rupees in millions, except share and per share data, unless otherwise stated)**

- 3.16** As of the balance sheet date, the Group's net foreign currency exposure that is not hedged by a derivative instrument is given below:

Particulars	As at June 30, 2015	As at March 31, 2015
Receivable	7,082	6,669
Payable	(326)	(225)

- 3.17** On July 16, 2015, the Group has entered into definitive agreements to acquire 100% of the equity interest in Bluefin Solutions Limited ('Bluefin'), a leading UK based IT solutions provider specializing in SAP HANA solutions, in an all cash transaction for GBP 42.3 million. The consideration includes an upfront payment of GBP 34 million and earn out of GBP 8.3 million payable over the next three years.
- 3.18** On July 16 2015, the Group has entered into definitive agreements to acquire 100% of the equity interest in Relational Solutions, Inc a US based IT solutions provider specializing in technology services to the consumer goods industry, in an all cash transaction for USD 10 million. The consideration includes an upfront payment of USD 7 million and earn out of USD 3 million payable over the next two years. This acquisition is subject to customary closing conditions and regulatory approvals.
- 3.19** Corresponding figures for the previous period presented have been regrouped, where necessary, to conform to the current period's classification.

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

For Mindtree Limited

Chartered Accountants
 Firm Registration No.: 008072S

V. Balaji
Partner
 Membership No. : 203685

Subroto Bagchi
 Chairman

N. Krishnakumar
 CEO & Managing Director

**Jagannathan
 Chakravarthi**
 Chief Financial Officer

Vedavalli Sridharan
 Company Secretary

Place: Bengaluru
 Date: July 16, 2015

Place: Bengaluru
 Date: July 16, 2015