Mindtree Limited
Consolidated balance sheet

	Note	As at March 31, 2013	Rs in million As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	415	405
Reserves and surplus	3.1.2	12,722	9,167
		13,137	**9,572**
Non-current liabilities			
Long-term borrowings	3.2.1	32	37
Other long-term liabilities	3.2.2	57	46
		89	**83**
Current liabilities			
Short-term borrowings	3.3.1	217	407
Trade payables		189	104
Other current liabilities	3.3.2	2,166	2,456
Short-term provisions	3.3.3	1,112	724
		3,684	**3,691**
		16,910	**13,346**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,561	2,548
Intangible assets	3.4.1	28	43
Capital work-in-progress		571	85
Non-current investments	3.4.2	230	7
Deferred tax assets (net)	3.4.3	360	320
Long-term loans and advances	3.4.4	617	544
Other non-current assets	3.4.5	1,046	1,028
		5,413	**4,575**
Current assets			
Current investments	3.5.1	4,027	3,075
Trade receivables	3.5.2	4,508	4,078
Cash and bank balances	3.5.3	1,252	602
Short-term loans and advances	3.5.4	430	191
Other current assets	3.5.5	1,280	825
		11,497	**8,771**
		16,910	**13,346**
Significant accounting policies and notes to the accounts	2 & 3		

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

As per our report of even date attached
For **B S R & Co.**
Chartered Accountants
Firm Registration No . : 101248W

For **Mindtree Limited**

Supreet Sachdev
Partner
Membership No. : 205385

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 22, 2013

Place: Bangalore
Date : April 22, 2013

Mindtree Limited
Consolidated statement of profit and loss

Rs in million

Particulars	**Note**	**For the year ended March 31, 2013**	**March 31, 2012**
Revenue from operations		23,618	19,152
Other income	3.6	350	385
Total revenues		**23,968**	**19,537**
Expense:			
Employee benefits expense	3.7	14,274	12,261
Finance costs	3.7	10	5
Depreciation and amortisation expense	3.4.1	624	695
Other expenses	3.7	4,820	3,961
Total expenses		**19,728**	**16,922**
Profit before tax		**4,240**	**2,615**
Tax expense:	3.4.3		
Current tax		887	534
Deferred tax		(40)	(104)
Profit for the year		**3,393**	**2,185**
Earnings per equity share	3.12		
Equity shares of par value Rs 10/- each			
Basic		82.79	54.23
Diluted		81.75	54.14
Weighted average number of equity shares used in computing earnings per share			
Basic		40,974,712	40,295,202
Diluted		41,496,296	40,363,159
Significant accounting policies and notes to the accounts	2 & 3		

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

As per our report of even date attached
For **B S R & Co.**
Chartered Accountants
Firm Registration No . : 101248W

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Supreet Sachdev
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Date : April 22, 2013

Mindtree Limited
Consolidated cash flow statement

		Rs in million
	For the year ended March 31,	
	2013	**2012**
Cash flow from operating activities		
Profit before tax	4,240	2,615
Adjustments for :		
Depreciation and amortisation	624	695
Amortization of stock compensation cost	2	-
Interest expense	10	5
Interest / dividend income	(192)	(118)
Profit on sale of fixed assets	(6)	(1)
Profit on sale of investments	(133)	(27)
Provision for diminution in the value of investments	1	1
Exchange difference on derivatives	(308)	(10)
Effect of exchange differences on translation of foreign currency borrowings	28	(3)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(30)	(21)
Operating profit before working capital changes	4,236	3,136
Changes in trade receivables	(430)	(1,252)
Changes in loans and advances and other assets	(565)	20
Changes in liabilities and provisions	392	720
Net cash provided by operating activities before taxes	3,633	2,624
Income taxes paid	(969)	(564)
Net cash provided by operating activities	**2,664**	**2,060**
Cash flow from investing activities		
Purchase of fixed assets	(1,066)	(484)
Proceeds from sale of fixed assets	9	2
Interest/ dividend received from investments	179	120
Purchase of investments	(11,257)	(8,790)
Sale/maturities of investments	10,216	6,846
Net cash used in investing activities	**(1,919)**	**(2,306)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	322	144
Interest paid on loans	(11)	(5)
Repayment of borrowings	(941)	(5)
Proceeds from loans	719	410
Dividends paid (including distribution tax)	(214)	(176)
Net cash (used in)/ provided by financing activities	**(125)**	**368**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30	21
Net increase in cash and cash equivalents	650	143
Cash and cash equivalents at the beginning of the year	602	459
Cash and cash equivalents at the end of the year	**1,252**	**602**

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

As per our report of even date attached
For **B S R & Co.**
Chartered Accountants
Firm Registration No . : 101248W

For **Mindtree Limited**

Supreet Sachdev
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Place: Bangalore
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Place: Bangalore
Date : April 22, 2013

1. Background

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shenzhen) Co. Ltd and Mindtree Software (Shanghai) Co. Ltd, 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 two business units that focus on software development – Information Technology ('IT') Services and Product Engineering ('PE') Services. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. PE Services provides full life cycle product engineering, professional services and sustained engineering services. It also enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through Mindtree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing.

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

2. Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except for certain financial instruments which are measured at fair values and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, as amended, other pronouncements of the Institute of Chartered Accountants of India ('ICAI') and the guidelines issued by 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 subsidiaries	Country of incorporation	Proportion of interest
Mindtree Software (Shenzhen) Co Ltd.*	Republic of China	100%
Mindtree Software (Shanghai) Co. Ltd**	Republic of China	100%

*Dissolved with effect from September 06, 2012.
**Incorporated on January 29, 2013.

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 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 recognized 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.

2.4.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Asset classification	**Useful life**
Buildings	25-30 years
Computer systems (including software)	1-3 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3-5 years
Office equipment	4-5 years
Motor vehicles	4-5 years
Plant and machinery	4 years
Intellectual property	5 years

2.4.6 Fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase/ installation. Depreciation on additions and disposals during the year is provided on a pro-rata basis.

2.4.7 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.

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.

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 recognized 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 recognized using the time proportion method, based on the transactional interest rates.

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 year are recognised in the statement of profit and loss for the year.

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 recognized 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 amortized 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.

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 year 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 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.

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 year. 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 recognized 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 recognized. 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 using the intrinsic value method. The compensation cost is amortized 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.

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.

3. Notes to the accounts

3.1 Shareholders' funds

3.1.1 Share capital

a)

Rs in million

Particulars	As at March 31, 2013	As at March 31,2012
Authorised		
79,620,000 (March 31, 2012 : 79,620,000) equity shares of Rs 10 each	796	796
Issued, subscribed and paid-up capital		
41,535,055 (March 31, 2012 : 40,543,923) equity shares of Rs 10 each fully paid	415	405
Total	**415**	**405**

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	No of shares	Rs in million	No of shares	Rs in million
Number of shares outstanding at the beginning of the year	40,543,923	405	40,035,187	400
Add: Shares issued on exercise of employee stock options	991,132	10	508,736	5
Number of shares outstanding at the end of the year	41,535,055	415	40,543,923	405

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

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 Group 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 Annual General Meeting.

The Board of Directors, at its meeting held on October 16, 2012 declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10/- each). Further, the Board of Directors declared a second interim dividend of 40% (Rs 4 per equity share of par value Rs 10/- each) and proposed a final dividend of 50% (Rs 5 per equity share of par value Rs 10/- each) for the year ended March 31, 2013. The total dividend appropriation for the year ended March 31, 2013 amounted to Rs 578 million, including corporate dividend tax of Rs 81 million.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs 4. The dividend for the year ended March 31, 2012 includes Rs 1.50 per share of final dividend, Rs 1.50 per share of interim dividend and a special dividend of Rs 1 per equity share on the occasion of the Group crossing $100 million in revenues and 10,000 Mindtree minds during the quarter ended September 30, 2011. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs 188 million, including corporate dividend tax of Rs 26 million.

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.

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

Sr. No.	Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
		Number of shares	%ge	Number of shares	%ge
1	Coffee Day Resorts Private Limited	4,565,442	11.0%	4,565,442	11.3%
2	Walden Software Investment Limited	-	-	3,964,205	9.8%
3	Nalanda India Fund Limited	3,949,089	9.5%	3,949,089	9.7%
4	Global Technology Ventures Limited	2,498,561	6.0%	2,648,561	6.5%
5	Subroto Bagchi	2,078,585	5.0%	2,078,435	5.1%

e) The Group has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date. Number of equity shares allotted as fully paid up without payment being received in cash is 1,300,965 during the period of five years immediately preceding March 31, 2013 and March 31, 2012. These shares were allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation for the financial year ended March 31, 2010.

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 (‘Board’). Under the ESOP, the Group currently administers seven stock option programs. Further, the Group has instituted Employee Restricted Stock Purchase Plan 2012 (‘ERSP 2012’) during the current year.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of Rs 10 per option. All stock options have a four-year vesting term and vest 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 and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or before September 30, 2001 or have been issued employment offer letters on or before August 7, 2001. This plan was terminated on September 30, 2001. The contractual life of each option is 11 years after the date of grant.

Particulars	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	4,000	4,088
Granted during the year	-	-
Exercised during the year	500	88
Lapsed during the year	3,500	-
Forfeited during the year	-	-
Outstanding options, end of the year	**-**	**4,000**
Options vested and exercisable, end of the year	-	4,000

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of Rs 50 per option. All stock options have a four-year vesting term and vest 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 and become fully exercisable. 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	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	79,367	126,763
Granted during the year	-	-
Exercised during the year	25,837	40,124
Lapsed during the year	5,612	7,272
Forfeited during the year	-	-
Outstanding options, end of the year	**47,918**	**79,367**
Options vested and exercisable, end of the year	47,918	79,367

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of Rs 250 per option. All stock options have a four-year vesting term and vest 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 and become fully exercisable. 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 May 1, 2006. This plan was terminated on October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Particulars	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	-	83,548
Granted during the year	-	-
Exercised during the year	-	45,258
Lapsed during the year	-	38,255
Forfeited during the year	-	35
Outstanding options, end of the year	-	-
Options vested and exercisable, end of the year	-	-

Program 4 [ESOP 2006 (b)]

Options under this program are granted to employees at an exercise price periodically determined by the Compensation Committee. All stock options have a four-year vesting term and vest 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 and become fully exercisable. 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	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	1,349,038	2,308,946
Granted during the year	-	110,000
Exercised during the year	905,860	408,995
Lapsed during the year	97,528	486,768
Forfeited during the year	41,000	174,145
Outstanding options, end of the year	**304,650**	**1,349,038**
Options vested and exercisable, end of the year	115,225	1,013,388

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	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	124,803	150,218
Granted during the year	-	-
Exercised during the year	14,437	938
Lapsed during the year	2,118	24,477
Forfeited during the year	-	-
Outstanding options, end of the year	**108,248**	**124,803**
Options vested and exercisable, end of the year	108,248	124,803

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 Compensation Committee. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. 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	**Year ended March 31,**	
	2013	**2012**
Outstanding options, beginning of the year	151,667	165,000
Granted during the year	20,000	-
Exercised during the year	36,667	13,333
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options, end of the year	**135,000**	**151,667**
Options vested and exercisable, end of the year	76,667	75,001

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 March 31, 2013.

Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012')

ERSP 2012 was instituted with effect from July 16, 2012 to further issue upto 1,000,000 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 decided by the Board of Directors. Shares shall vest over such term as determined by the Board of Directors not exceeding ten years from the date of the grant. All shares will have a minimum lock in period of one year from the date of allotment.

Particulars	**Year ended March 31,**	
	2013	**2012**
Outstanding shares, beginning of the year	-	-
Granted during the year	7,831	-
Exercised during the year	7,831	-
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding shares, end of the year	-	-
Shares vested and exercisable, end of the year	-	-

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

Amount in Rs

Particulars	**Year ended March 31, 2013**	**2012**
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	-	250.00
Program 4	336.84	308.77
Program 5	404.63	161.56
DSOP 2006	259.27	355.00
ERSP 2012	10.00	-

The following tables summarize information about the options outstanding under various programs as at March 31, 2013 and March 31, 2012 respectively:

Particulars	**As at March 31, 2013**		
	Number of shares arising out of options	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in Rs)**
Program 1	-	-	-
Program 2	47,918	2.00	50.00
Program 3	-	-	-
Program 4	304,650	2.62	491.45
Program 5	108,248	3.21	392.82
DSOP 2006	135,000	1.95	559.41

Particulars	**As at March 31, 2012**		
	Number of shares arising out of options	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in Rs)**
Program 1	4,000	0.04	10.00
Program 2	79,367	2.91	50.00
Program 3	-	-	-
Program 4	1,349,038	1.59	380.25
Program 5	124,803	4.20	390.41
DSOP 2006	151,667	2.23	495.12

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

The Group uses the intrinsic value method of accounting for its employee stock options. The Group has therefore adopted the pro-forma disclosure provisions of Guidance Note on “Accounting for Employee Share-based Payments” issued by the ICAI with effect from 1 April 2005.

Had the compensation cost been determined according to the fair value approach described in the aforesaid Guidance Note, the Group's net profit and EPS as reported would have been adjusted to the pro-forma amounts indicated below:

Rs in million except EPS data

Particulars	**Year ended March 31, 2013**	**2012**
Net profit as reported	3,393	2,185
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	74	78
Pro forma net profit	3,319	2,107
Basic earnings per share as reported	82.79	54.23
Pro forma basic earnings per share	80.98	52.30
Diluted earnings per share as reported	81.75	54.14
Pro forma diluted earnings per share	79.96	52.22

During the year ended March 31, 2013, 20,000 options were granted by the Group under DSOP 2006.

The weighted average fair value of each option of Mindtree, granted during the year ended March 31, 2013 was Rs 393.56 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	Rs 556
Weighted average exercise price	Rs 556
Dividend yield %	0.18%
Expected life	3 – 5 years
Risk free interest rate	8.11%
Volatility	101.5%

Mindtree Limited
Significant accounting policies and notes to the accounts (continued)
For the year ended March 31, 2013

3.1.2 Reserves and surplus

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Capital reserve		
Opening balance	87	87
Additions during the year	-	-
	87	**87**
Securities premium reserve		
Opening balance	1,770	1,631
Additions during the year on exercise of employee stock options	317	139
	2,087	**1,770**
General reserve		
Opening balance	752	533
Add: Transfer from statement of profit and loss	339	219
	1,091	**752**
Share option outstanding account		
Opening balance	48	48
Additions during the year	-	-
	48	**48**
Hedge reserve		
Opening balance	(250)	81
Additions during the year	423	(331)
	173	**(250)**
Surplus (Balance in the statement of profit and loss)		
Opening balance	6,760	4,982
Add: Amount transferred from statement of profit and loss	3,393	2,185
Amount avalaible for appropriations	10,153	7,167
Appropriations:		
Interim dividend	(289)	(101)
Final dividend	(208)	(61)
Dividend distribution tax	(81)	(26)
Amount transfered to general reserve	(339)	(219)
	9,236	**6,760**
Total	**12,722**	**9,167**

3.2 Non-current liabilities

3.2.1 Long term borrowings

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Other loans and advances	32	37
Total	**32**	**37**

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 commencing from June 2011. The project implementation period was a moratorium period ending May 2011 and was not liable for repayment of installments and interest during the said period. However, the interest accrued during the period is amortized and is payable in 3 equal annual installments commencing 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

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
Interest accrued but not due on borrowings	-	1
Other long-term liabilities	57	45
Total	**57**	**46**

3.3 Current liabilities

3.3.1 Short term borrowings

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Secured)		
Other loans and advances	217	407
Total	**217**	**407**

During the year, the Group has repaid packing credit loans of USD 8 million and availed additional packing credit loan of USD 4 million. These packing credit loans are secured against the trade receivables of the Group. As at March 31, 2013, the Group has outstanding packing credit loan of USD 4 million (As at March 31, 2012: USD 8 million). The Group has taken forward exchange contracts with respect to this loan. In accordance with 'AS 11' the forward premium arising at inception is amortized as an expense over the life of the contract.

Details of interest rate and repayment terms in respect of above packing credit loan are as below:

Name of the bank	As at March 31, 2013			As at March 31, 2012		
	Rs in million	Rate of interest p.a	Date of repayment	Rs in million	Rate of interest p.a	Date of repayment
HSBC	-	-	-	254	2.00%	25-May-12
HSBC	-	-	-	153	2.39%	31-Aug-12
HSBC	217	1.98%	29-May-13	-	-	-
Total	**217**			**407**		

3.3.2 Other current liabilities

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	2	2
Unearned income	36	19
Unpaid dividends	3	3
Creditors for capital goods	105	33
Advances from customers	42	69
Employee related liabilities	1,023	836
Book overdraft	136	125
Other liabilities**	814	1,364
Total	**2,166**	**2,456**

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

**Includes derivative liability of Rs 13 million (As at March 31, 2012: Rs 590 million).

As at March 31, 2013, the Group has outstanding forward contracts amounting to USD 112.75 million (As at March 31, 2012: USD 112.5 million) and Euro 11 million (As at March 31, 2012: Euro 9 million) forward strips and leverage option contracts amounting to NIL (As at March 31, 2012: USD 29.25 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain has been credited to hedge reserve (Refer Note 3.1.2). Other derivative instruments that do not qualify for hedge accounting have been fair valued at the balance sheet date and resultant exchange gain Rs 308 million for the year ended March 31, 2013 (year ended March 31, 2012: gain of Rs 10 million) has been recorded in the statement of profit and loss.

3.3.3 Short term provisions

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Provision for employee benefits		
- Gratuity	11	1
- Compensated absences	262	228
Provision for taxes	199	257
Provision for discount	145	109
Dividend payable	374	61
Dividend distribution tax payable	61	10
Provision for forseeable losses on contracts	-	4
Provision for post contract support services	3	5
Provision for disputed dues*	57	49
Total	**1,112**	**724**

*****Represents disputed tax dues provided during the previous year 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 Accounting Standard – 29 ‘Provisions, Contingent Liabilities and Contingent Assets’ (‘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.

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Change in projected benefit obligations		
Obligations at the beginning of the year	276	265
Service cost	62	41
Interest cost	19	19
Benefits settled	(41)	(74)
Actuarial (gain)/loss	8	25
Obligations at end of the year	**324**	**276**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	275	257
Expected return on plan assets	23	19
Actuarial gain/(loss)	1	38
Contributions	55	35
Benefits settled	(41)	(74)
Plan assets at the end of the year, at fair value	**313**	**275**

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

Particulars	**As at March 31,**				
	2013	**2012**	**2011**	**2010**	**2009**
Fair value of plan assets at the end of the year	313	275	257	227	168
Present value of defined obligations at the end of the year	(324)	(276)	(265)	(229)	(175)
Asset/ (liability) recognised in the balance sheet	**(11)**	**(1)**	**(8)**	**(2)**	**(7)**

Rs in million

Particulars	**For the year ended March 31,**	
	2013	**2012**
Gratuity cost		
Service cost	62	41
Interest cost	19	19
Expected return on plan assets	(23)	(19)
Actuarial (gain)/loss	7	(13)
Net gratuity cost	**65**	**28**
Actual return on plan assets	24	56
Assumptions		
Interest rate	7.96%	8.54%
Expected rate of return on plan assets	8 %	7.5%
Salary increase	6%	6%
Attrition rate	13.38%	18.2%
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.

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

Provision for post contract support services

Rs in million

Particulars	**For the year ended March 31, 2013**	**For the year ended March 31, 2012**
Balance as at beginning of the year	5	5
Released during the year	(2)	-
Provision as at the end of the year	3	5

Provision for discount

Rs in million

Particulars	**For the year ended March 31, 2013**	**For the year ended March 31, 2012**
Balance as at beginning of the year	109	49
Provisions made during the year	144	87
Utilisations during the year	(95)	(27)
Released during the year	(13)	-
Provision as at the end of the year	145	109

Provision for foreseeable losses on contracts

Rs in million

Particulars	**For the year ended March 31, 2013**	**For the year ended March 31, 2012**
Balance as at beginning of the year	4	2
Provisions made during the year	-	12
Utilisations during the year	(4)	(10)
Provision as at the end of the year	-	4

These provisions are expected to be utilized over a period of one year.

Mindtree Limited
Significant accounting policies and notes to the accounts
For the year ended March 31, 2013

3.4 Non-current assets

3.4.1 Fixed assets

Rs in million

Assets	Gross block				Accumulated depreciation				Net book value	
	As at April 1, 2012	Additions during the year	Deletions during the year	As at March 31, 2013	As at April 1, 2012	For the year	Deletions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets										
Leasehold land	425	-	-	425	59	12	-	71	354	366
Buildings	1,626	-	-	1,626	232	57	-	289	1,337	1,394
Leasehold improvements	1,064	134	12	1,186	708	167	10	865	321	356
Computer systems (including software)	1,636	364	6	1,994	1,425	220	5	1,640	354	211
Test equipment	218	1	-	219	143	55	-	198	21	75
Furniture and fixtures	144	13	6	151	125	19	6	138	13	19
Electrical installations	222	32	7	247	180	31	6	205	42	42
Office equipment	408	82	8	482	330	48	8	370	112	78
Motor vehicles	2	-	-	2	2	-	-	2	-	-
Plant and machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,753**	**626**	**39**	**6,340**	**3,205**	**609**	**35**	**3,779**	**2,561**	**2,548**
Intangible assets										
Intellectual property	67	-	-	67	24	15	-	39	28	43
Total (B)	**67**	**-**	**-**	**67**	**24**	**15**	**-**	**39**	**28**	**43**
Total (A+B)	**5,820**	**626**	**39**	**6,407**	**3,229**	**624**	**35**	**3,818**	**2,589**	**2,591**
Previous year	5,624	282	86	5,820	2,618	695	84	3,229	2,591	

Mindtree Limited
Significant accounting policies and notes to the accounts
For the year ended March 31, 2013

3.4.2 Non-current investments

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Investment in mutual funds (quoted)	223	-
Investment in equity instruments (unquoted)	8	8
Less: Provision for diminution in value of investments	(1)	(1)
Total	**230**	**7**
Aggregate amount of quoted investments	223	-
Aggregate market value of quoted investments	224	-
Aggregate amount of unquoted investments	8	8

Details of investment in mutual funds are as given below:

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
JP Morgan Mutual Fund	70	-
Birla Sun Life Mutual Fund	30	-
IDFC Mutual Fund	28	-
Tata Mutual Fund	95	-
Total	**223**	**-**

Details of investment in trade unquoted investment are as given below:

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
2,400 (previous year: 2,400) equity shares in Career Community.com Limited	1	1
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	**8**	**8**

3.4.3 Taxes

Rs in million

Particulars	For the year ended March 31, 2013	2012
Tax expense		
- Current tax	887	672
- MAT credit entitlement	-	(138)
	887	534
Deferred tax	(40)	(104)
Total	**847**	**430**

The Group has units at Bangalore, Hyderabad and Chennai 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 Bangalore 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.

During the year ended March 31, 2013, the Group has recorded a foreign tax credit of Rs 97 million relating to financial year 2010-2011 and financial year 2011-2012. The Group has reflected this credit in the Income tax return for the financial year 2011-2012 and revised return for the financial year 2010-2011.

Deferred tax assets (net):

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

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	215	222
Provision for doubtful debts	10	6
Compensated absence	84	39
Provision for post contract support services		-
Provision for volume discount	34	34
Others	17	19
Total deferred tax assets	**360**	**320**

3.4.4 Long term loans and advances

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
(Unsecured, considered good)		
Capital advances	127	102
Security deposits*	426	442
Advances recoverable in cash or in kind or for value to be received*	64	-
Total	**617**	**544**

*Refer note 3.10 for related party balances.

3.4.5 Other non-current assets

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
(Unsecured considered good)		
Advance tax and tax deducted at source, net of provision for taxes	848	742
MAT credit entitlement	165	246
Other non-current assets	33	40
Total	**1,046**	**1,028**

3.5 Current assets

3.5.1 Current investments

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Investment in mutual funds (quoted)	3,628	2,750
Less: Provision for diminution in the value of investments	(1)	-
Term deposits	400	325
Total	**4,027**	**3,075**
Aggregate amount of quoted investments	3,628	2,750
Aggregate market value of quoted investments	3,710	2,803
Aggregate amount of unquoted investments	400	325

Details of investment in mutual funds are as given below:

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
ICICI Prudential Mutual Fund	409	301
IDFC Mutual Fund	228	346
UTI Mutual Fund	248	233
HSBC Mutual Fund	70	170
Franklin Templeton Mutual Fund	310	176
DSP Blackrock Mutual Fund	248	215
Birla Sun Life Mutual Fund	371	291
Reliance Mutual Fund	349	267
Tata Mutual Fund	152	284
DWS Mutual Fund	198	-
SBI Mutual Fund	358	50
HDFC Mutual Fund	440	122
Axis Mutual Fund	51	120
Principal Mutual Fund	30	-
Kotak Mutual Fund	51	-
Sundaram Mutual Fund	50	-
Pinebridge Mutual Fund	30	-
Fidelity Mutual Fund	-	50
IDBI Mutual Fund	35	125
Total	**3,628**	**2,750**

Details of investments in term deposit are as given below:

Rs in million

Particulars	As at March 31, 2013	As at March 31, 2012
HDFC Limited	400	200
Janalakshmi Financial Services Private Limited	-	125
Total	**400**	**325**

3.5.2 Trade receivables

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	175	26
- considered doubtful	36	21
Other debts		
- considered good	4,333	4,052
- considered doubtful	10	19
Less: Provision for doubtful debts	(46)	(40)
Total	**4,508**	**4,078**

3.5.3 Cash and bank balances

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Balances with banks in current and deposit accounts^ *	1,249	599
Other bank balances**	3	3
Total	**1,252**	**602**

^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.

* Balances with banks include the following: **Rs in million**

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Balance with banks held as margin money towards guarantees	1	1
Bank deposits with more than 12 months of maturity	-	1

**Other bank balances represent balances in respect of unpaid dividends and are considered

3.5.4 Short term loans and advances

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received*	440	191
Less: Provision for doubtful advances	(10)	-
Total	**430**	**191**

*Refer note 3.10 for related party balances.

3.5.5 Other current assets

Rs in million

Particulars	**As at March 31, 2013**	**As at March 31,2012**
Unbilled revenue	637	479
Other current assets*	643	346
Total	**1,280**	**825**

***** Includes derivative asset of Rs 181 million (As at March 31, 2012: Rs 25 million.)

3.6 Other income

Rs in million

Particulars	**For the year ended March 31, 2013**	**2012**
Interest income	64	53
Dividend income	128	65
Net gain/loss on sale of investments	133	27
Foreign exchange gain/(loss)	-	197
Other non-operating income	25	43
Total	**350**	**385**

3.7 Expenses

Rs in million

Employee benefit expense	For the year ended March 31,	
	2013	2012
Salaries and wages	13,029	11,227
Contribution to provident and other funds	1,107	933
Expenses on employee stock purchase plan	2	-
Staff welfare expenses	136	101
Total	**14,274**	**12,261**

Finance costs	For the year ended March 31,	
	2013	2012
Interest expense	10	5
Total	**10**	**5**

Other expenses	For the year ended March 31,	
	2013	2012
Travel expenses	935	999
Sub-contractor charges	861	661
Computer consumables	256	341
Legal & Professional charges	249	218
Power and fuel	206	183
Rent (Refer note 3.11)	412	343
Repairs to buildings	55	32
Repairs to machinery	20	16
Insurance	20	20
Rates and taxes	72	103
Exchange loss, net	340	-
Other expenses	1,394	1,045
Total	**4,820**	**3,961**

3.8 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2013 is Rs 470 million (March 31, 2012: Rs 420 million).

b) As of the balance sheet date, the Group’s net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs 4,018 million (March 31, 2012: Rs 3,712 million).

c) The Group has received income tax assessment for the financial year 2008-09 wherein demand of Rs 24 million 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. The tax demand for financial year 2008-09 also includes 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.

d) The Group has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary i.e. Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 million and Rs 10 million 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.

e) The Group has received income tax assessments under Section 143(3) of the Income-tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 wherein demand of Rs 91 million, Rs 49 million, Rs 61 million, Rs 28 million, Rs 58 million, Rs 119 million and Rs 214 million 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 had 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 million with the department against these demands.

During the current year, the Group has received draft assessment order under Section 143(3) of the Income Tax Act 1961 for the financial year 2008-09 wherein demand of Rs 65 million has been raised on account of transfer pricing adjustments and the Group is in the process of filing an appeal before the Dispute Resolution Panel.

The Group had received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) has accepted the Group’s contentions and quashed the demand raised. The Income tax department had appealed against the above mentioned order with ITAT. ITAT, in an earlier year have passed an order setting aside both the Order of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and has remanded the matter back to the assessment officer for re-assessment. The Group has preferred an appeal with the Hon’ble High Court of Karnataka against the order of the ITAT. Further, the Hon’ble High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

During the current year, 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 Group had appealed against the demands received for financial years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. Based on favourable order received by the Group for the financial year 2001-02 and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

f) The Group has 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 million 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 deposited Rs 5 million with the department against this demand.

3.9 Segmental reporting

The Group’s operations predominantly relate to providing IT Services and PE Services. The Group considers the 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.

Business segments

Rs in million

Consolidated statement of profit and loss for the year ended March 31, 2013	IT Services	PE Services	Total
Revenues	16,408	7,210	23,618
Operating expenses, net	13,214	5,544	18,758
Segmental operating income	**3,194**	**1,666**	**4,860**
Unallocable expenses			960
Profit for the year before interest, other income and tax			**3,900**
Interest expense			(10)
Other income			350
Net profit before taxes			**4,240**
Income taxes			(847)
Net profit after taxes			**3,393**

Rs in million

Consolidated statement of profit and loss for year ended March 31, 2012	IT Services	PE Services	Total
Revenues	12,558	6,594	19,152
Operating expenses, net	10,463	5,759	16,222
Segmental operating income	**2,095**	**835**	**2,930**
Unallocable expenses			695
Profit for the year before interest, other income and tax			**2,235**
Interest expense			(5)
Other income			385
Net profit before taxes			**2,615**
Income taxes			(430)
Net profit after taxes			**2,185**

Geographical segments

Rs in million

Revenues	Year ended March 31,	
	2013	**2012**
America	13,411	11,104
Europe	6,944	5,013
India	1,462	1,490
Rest of World	1,801	1,545
Total	**23,618**	**19,152**

3.10 Related party transactions

Name of related party	Nature of relationship
Amalgamated Bean Coffee Trading Company Limited (‘ABCTCL’) Tanglin Developments Limited (‘TDL’)	These entities are part of Coffee Day Group which through various entities and its promoters holds 21% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Janalakshmi Financial Services Private Limited	Entity with common key management person

Transactions with the above related parties during the year were:

Rs in million

Name of related party	Nature of transaction	For the year ended March 31, 2013	2012
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	13	16
Tanglin Developments Limited	Leasing office buildings and land (net)	310	296
	Advance paid:		
	- towards electricity deposit/ charges	220	-
	- towards lease rentals	259	-
	Advance received back:		
	- towards electricity deposit/ charges	108	-
	- towards lease rentals	147	-
	Interest on advance towards electricity charges	3	-

Balances payable to related parties are as follows:

Rs in million

Name of related party	As at March 31, 2013	As at March 31, 2012
Tanglin Developments Limited	9	6

Balances receivable from related parties are as follows:

Rs in million

Name of related party	**Nature of transactions**	**As at March 31, 2013**	**As at March 31, 2012**
Tanglin Developments Limited	Rental advance		
	- Current	112	-
	- Non-current	-	
	Advance towards electricity charges		
	- Current	48	-
	- Non-current	64	-
	Security deposit returnable on termination of lease	345	345
	Interest accrued on advance towards electricity charges	3	-
Janalakshmi Financial Services Private Limited	Interest bearing deposits	-*	125

*Redeemed during the year including interest thereon

Key managerial personnel:

Subroto Bagchi	Appointed as Chairman with effect from April 1, 2012
Dr. Albert Hieronimus	Appointed as Non-executive Vice Chairman with effect from April 1, 2012
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Chief Technology Officer
N S Parthasarathy*	President & COO
Anjan Lahiri*	President – IT Services
R. Srinivasan	Non-executive Director of Mindtree
V.G.Siddhartha	Non-executive Director of Mindtree
David B. Yoffie	Non-executive Director of Mindtree
Prof. Pankaj Chandra	Non-executive Director of Mindtree
Ramesh Ramanathan	Appointed as Non-executive Director of Mindtree with effect from May 2, 2012

*The Board elected Anjan Lahiri, as an additional Board member to hold office with effect from October 24, 2012 till the date of the next Annual General Meeting of the

Group. The Board also elected N S Parthasarathy as an Alternate Director to S Janakiraman, with effect from October 22, 2012.

Remuneration paid to key managerial personnel during the year ended March 31, 2013 amounts to Rs 96 million (for the year ended March 31, 2012: Rs 73 million). Dividends paid to directors for year ended March 31, 2013 Rs 30 million (for the year ended March 31, 2012 amounts to Rs 19 million).
The above remuneration excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary

3.11 Lease transactions

Lease rental expense under non-cancellable operating lease for the year ended March 31, 2013 amounted to Rs 161 million (for the year ended March 31, 2012: Rs 89 million). Future minimum lease payments under non-cancellable operating lease are as below:

Rs in million

Minimum lease payments	**As at March 31, 2013**	**As at March 31, 2012**
Payable -- Not later than one year	203	138
Payable -- Later than one year and not later than five years	521	224

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancelable operating lease for the year ended March 31, 2013 was Rs 251 million (for the year ended March 31, 2012: Rs 254 million).

3.12 Earnings per share

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

	For the year ended March 31, 2013		**For the year ended March 31, 2012**	
Particulars	**Basic EPS**	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the year	40,974,712	40,974,712	40,295,202	40,295,202
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	521,584	-	67,957
Weighted average number of equity shares for calculation of earnings per share	40,974,712	41,496,296	40,295,202	40,363,159

3.13 As per order of Ministry of Corporate affairs letter no 3/2011-CL-III dated 8 February, 2011, required details of subsidiaries as at March 31, 2013 and March 31, 2012 are as follows:

Rs in million

		As at March 31, 2013
Particulars	**Mindtree Software (Shanghai) Co Ltd**	**Mindtree Software (Shenzhen) Co Ltd**
Capital	14	-
Reserves	-	-
Total Assets (gross)	14	-
Total Liabilities	-	-
Details of investments	-	-
Turnover	-	-
Profit /(Loss)before taxation	-	(2)
Provision for taxation	-	-
Profit after taxation	-	-
Proposed dividend	-	-

Rs in million

		As at March 31, 2012
Particulars	**Mindtree Software (Shanghai) Co Ltd**	**Mindtree Software (Shenzhen) Co Ltd**
Capital	-	23
Reserves	-	-
Total Assets (gross)	-	23
Total Liabilities	-	-
Details of investments	-	-
Turnover	-	-
Profit /(Loss)before taxation	-	(1)
Provision for taxation	-	-
Profit after taxation	-	(1)
Proposed dividend	-	-

Total assets of Mindtree Software (Shenzhen) Co. Ltd. include Rs 4 million of debit balance in statement of profit and loss.

3.14 The Group has opened a new development center at Gainesville, Florida, US to broaden its IT and Software consulting offerings to its clients in the 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:

Rs in million

Nature of expenses	**For the year ended March 31,**	
	2013	**2012**
Reimbursement of rent	2	-
Grant towards workforce training	4	-
Non-monetary grant of US$ 950,000 for renovation of project facility*	51	-
Total	**57**	**-**

*The aforesaid grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the new development center at Gainesville, Florida, US.

3.15 Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report attached
For **B S R & Co.**
Chartered Accountants
Firm Registration No. : 101248W

For **Mindtree Limited**

Supreet Sachdev
Partner
Membership No. : 205385

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 22, 2013

Place: Bangalore
Date: April 22, 2013