Mindtree Limited
Balance sheet

	Note	As at December 31, 2012	As at March 31, 2012
			Rs in million
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	412	405
Reserves and surplus	3.1.2	12,029	9,171
		12,441	**9,576**
Non-current liabilities			
Long-term borrowings	3.2.1	32	37
Other long-term liabilities	3.2.2	47	46
		79	**83**
Current liabilities			
Short-term borrowings	3.3.1	220	407
Trade payables		111	107
Other current liabilities	3.3.2	2,304	2,455
Short-term provisions	3.3.3	689	724
		3,324	**3,693**
		15,844	**13,352**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,495	2,548
Intangible assets	3.4.1	31	43
Capital work-in-progress		282	85
Non-current investments	3.4.2	7	30
Deferred tax assets (net)	3.4.3	334	320
Long-term loans and advances	3.4.4	565	544
Other non-current assets	3.4.5	1,084	1,028
		4,798	**4,598**
Current assets			
Current investments	3.5.1	3,930	3,075
Trade receivables	3.5.2	4,762	4,078
Cash and bank balances	3.5.3	964	585
Short-term loans and advances	3.5.4	429	191
Other current assets	3.5.5	961	825
		11,046	**8,754**
		15,844	**13,352**
Significant accounting policies and notes to the accounts	2&3		

As per our report attached
For **B S R & Co.**
Chartered Accountants
Firm Registration Number: 101248W

For **Mindtree Limited**

Supreet Sachdev
Partner
Membership Number: 205385

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : January 18, 2013

Place: Bangalore
Date : January 18, 2013

Mindtree Limited
Statement of profit and loss

Rs in million

Particulars	**Note**	**For the quarter ended**		**For the nine months ended**	
		December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Revenue from operations		5,901	5,197	17,494	13,895
Other income	3.6	70	9	196	370
Total revenues		**5,971**	**5,206**	**17,690**	**14,265**
Expenses:					
Employee benefits expense	3.7	3,517	3,242	10,529	9,082
Finance costs	3.7	2	1	9	2
Depreciation and amortisation expense	3.4.1	151	173	469	527
Other expenses	3.7	1,038	1,056	3,455	2,865
Total expenses		**4,708**	**4,472**	**14,462**	**12,476**
Profit before tax		**1,263**	**734**	**3,228**	**1,789**
Tax expense:	3.4.3				
Current tax		262	137	642	365
Deferred tax		13	(9)	(14)	(71)
Profit for the period		**988**	**606**	**2,600**	**1,495**
Earnings per equity share	3.17				
Equity shares of par value Rs 10/- each					
Basic		24.08	14.99	63.69	37.16
Diluted		23.80	14.89	62.83	37.16
Weighted average number of equity shares used in computing earnings per share					
Basic		41,050,705	40,389,594	40,824,138	40,224,672
Diluted		41,526,731	40,663,496	41,380,000	40,229,359
Significant accounting policies and notes to the accounts	2&3				

As per our report attached
For **B S R & Co.**
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For **Mindtree Limited**

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Date : January 18, 2013

Mindtree Limited
Cash flow statement

		Rs in million
	For the nine months ended December 31,	
	2012	**2011**
Cash flow from operating activities		
Profit before tax	3,228	1,789
Adjustments for :		
Depreciation and amortisation	469	527
Interest expense	9	2
Interest/ dividend income	(136)	(81)
Profit on sale of fixed assets	(5)	(1)
Profit on sale of investments	(55)	(14)
Provision for diminution in the value of investments	-	1
Loss on dissolution of subsidiary	3	-
Exchange difference on derivatives	(265)	246
Effect of exchange differences on translation of foreign currency borrowings	31	6
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(34)	(32)
Operating profit before working capital changes	3,245	2,443
Changes in trade receivables	(684)	(1,330)
Changes in loans and advances and other assets	(268)	(80)
Changes in liabilities and provisions	348	893
Net cash provided by operating activities before taxes	2,641	1,926
Income taxes paid	(768)	(404)
Net cash provided by operating activities	**1,873**	**1,522**
Cash flow from investing activities		
Purchase of fixed assets	(654)	(303)
Proceeds from sale of fixed assets	9	2
Proceeds on dissolution of subsidiary	18	-
Interest/ dividend received from investments	129	78
Purchase of investments	(7,727)	(6,275)
Sale/ maturities of investments	6,928	5,276
Net cash used in investing activities	**(1,297)**	**(1,222)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	215	127
Interest paid on loans	(10)	(2)
Repayment of borrowings	(941)	(5)
Proceeds from loans	719	260
Dividends paid (including distribution tax)	(214)	(176)
Net cash (used in)/ provided by financing activities	**(231)**	**204**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	34	32
Net increase in cash and cash equivalents	379	536
Cash and cash equivalents at the beginning of the period	585	440
Cash and cash equivalents at the end of the period (Refer note 3.5.3)	**964**	**976**

As per our report attached
For **B S R & Co.**
Chartered Accountants
Firm Registration Number: 101248W

For **Mindtree Limited**

Supreet Sachdev
Partner
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Place: Bangalore
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Date : January 18, 2013

1. Background

Mindtree Limited ('Mindtree' or 'the Company') is an international Information Technology consulting and implementation company that delivers business solutions through global software development. The Company is structured into two business units – 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 Company 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 and France.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The 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'), the relevant provisions of the Companies Act, 1956, (the 'Act') and the guidelines issued by Securities and Exchange Board of India ('SEBI') to the extent applicable.

2.2 Use of estimates

The preparation of 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 financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.3 Fixed assets and depreciation

2.3.1 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.

2.3.2 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 Company.

2.3.3 Leases under which the Company 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.

2.3.4 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.

2.3.5 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

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

2.3.7 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.

2.4 Investments

2.4.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.4.2 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.

2.4.3 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.

2.5 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and balance in bank in current accounts, deposit accounts and in margin money deposits.

2.6 Cash flow statement

Cash flows are reported using the indirect method, whereby 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 Company are segregated.

2.7 Employee benefits

2.7.1 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 Company 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.

2.7.2 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 Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

2.7.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

2.8 Revenue recognition

2.8.1 The Company 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. Revenues are stated net of discounts and include expenses billed to the customers at a mark-up.

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

2.8.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers and is shown as reduction of revenues.

2.8.3 Dividend income is recognised when the right to receive payment is established.

2.8.4 Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.9 Foreign exchange transactions

2.9.1 The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts and other derivative instruments.

2.9.2 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.

2.9.3 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.

2.9.4 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.

2.9.5 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.

2.9.6 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 Company 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 the Company 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) is debited/ credited to statement of profit and loss.

2.10 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 period of recognition of revenue.

2.11 Provision and contingent liabilities

The Company 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.

2.12 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. 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 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 convincing evidence that the Company 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 Company offsets, 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.

2.13 Earnings per share

In determining earnings per share, the Company considers the 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.

2.14 Impairment of assets

The Company 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 Company 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.

2.15 Employee stock based compensation

The Company 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.

2.16 Government grants

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

(i) the Company 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 Company 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 December 31, 2012	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		
41,208,621 (March 31, 2012: 40,543,923) equity shares of Rs 10/- each fully paid	412	405
Total	**412**	**405**

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 December 31, 2012		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 period	40,543,923	405	40,035,187	400
Add: Shares issued on exercise of employee stock options	664,698	7	508,736	5
Number of shares outstanding at the end of the period	41,208,621	412	40,543,923	405

c) The Company 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 Company 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 Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the 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).

During the nine months ended December 31, 2011, the amount of per share dividend recognized as distributions to equity shareholders was Rs 2.50 per equity share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company 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 period is as given below:

Sr. No.	Name of the shareholder	As at December 31, 2012		As at March 31, 2012	
		Number of shares	%	Number of shares	%
1	Coffee Day Resorts Private Limited	4,565,442	11.1	4,565,442	11.3
2	Walden Software Investment Limited	-	-	3,964,205	9.8
3	Nalanda India Fund Limited	3,949,089	9.6	3,949,089	9.7
4	Global Technology Ventures Limited	2,498,561	6.1	2,648,561	6.5
5	Subroto Bagchi	2,078,435	5.0	2,078,435	5.1

e) The Company 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 December 31, 2012 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 Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('Board'). Under the ESOP, the Company currently administers seven stock option programs. Further, the Company has instituted Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012') during the current quarter.

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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	-	4,000	4,000	4,088
Granted during the period	-	-	-	-
Exercised during the period	-	-	500	88
Lapsed during the period	-	-	3,500	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	-	**4,000**	-	**4,000**
Options vested and exercisable, end of the period	-	4,000	-	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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	63,233	96,586	79,367	126,763
Granted during the period	-	-	-	-
Exercised during the period	9,939	6,162	22,311	30,517
Lapsed during the period	735	-	4,497	5,822
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**52,559**	**90,424**	**52,559**	**90,424**
Options vested and exercisable, end of the period	52,559	90,424	52,559	90,424

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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	-	15,400	-	83,548
Granted during the period	-	-	-	-
Exercised during the period	-	5,970	-	45,258
Lapsed during the period	-	9,430	-	38,255
Forfeited during the period	-	-	-	35
Outstanding options, end of the period	-	-	-	-
Options vested and exercisable, end of the period	-	-	-	-

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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	965,945	1,904,965	1,349,038	2,308,946
Granted during the period	-	-	-	-
Exercised during the period	271,035	203,070	594,710	358,073
Lapsed during the period	8,185	281,860	35,228	421,868
Forfeited during the period	2,100	31,650	34,475	140,620
Outstanding options, end of the period	**684,625**	**1,388,385**	**684,625**	**1,388,385**
Options vested and exercisable, end of the period	460,975	758,560	460,975	758,560

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 December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	115,797	143,267	124,803	150,218
Granted during the period	-	-	-	-
Exercised during the period	3,091	589	10,510	891
Lapsed during the period	378	15,683	1,965	22,332
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**112,328**	**126,995**	**112,328**	**126,995**
Options vested and exercisable, end of the period	112,328	126,285	112,328	126,285

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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding options, beginning of the period	135,000	151,667	151,667	165,000
Granted during the period	-	-	20,000	-
Exercised during the period	-	-	36,667	13,333
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	**135,000**	**151,667**	**135,000**	**151,667**
Options vested and exercisable, end of the period	76,667	75,001	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 Company 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 December 31, 2012.

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	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Outstanding shares, beginning of the period	-	-	-	-
Granted during the period	7,831	-	7,831	-
Exercised during the period*	7,831	-	7,831	-
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	-	-	-	-
Shares vested and exercisable, end of the period	-	-	-	-

*Shares exercised under the plan are pending for allotment as at December 31, 2012.

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

Amount in Rs

Particulars	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Program 1	-	-	10.00	10.00
Program 2	50.00	50.00	50.00	50.00
Program 3	-	250.00	-	250.00
Program 4	332.92	303.13	337.01	305.31
Program 5	316.34	154.54	380.77	159.93
DSOP 2006	-	-	259.27	355.00
ERSP 2012	10.00	-	10.00	-

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

Particulars	**As at December 31, 2012**		
	Number of shares arising out of options	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in Rs)**
Program 1	-	-	-
Program 2	52,559	2.18	50.00
Program 3	-	-	-
Program 4	684,625	1.39	407.70
Program 5	112,328	3.48	395.17
DSOP 2006	135,000	2.20	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 Company has recorded compensation cost for all grants using the intrinsic value-based method of accounting, in line with prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued by ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Rs in million except EPS data

Particulars	**Quarter ended December 31,**		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Net profit as reported	988	606	2,600	1,495
Add: Stock-based employee compensation expense (intrinsic value method)	-	-	-	-
Less: Stock-based employee compensation expense (fair value method)	(15)	(19)	(58)	(66)
Pro forma net profit	973	587	2,542	1429
Basic earnings per share as reported	24.08	14.99	63.69	37.16
Pro forma basic earnings per share	23.70	14.52	62.26	35.53
Diluted earnings per share as reported	23.80	14.89	62.83	37.16
Pro forma diluted earnings per share	23.43	14.42	61.42	35.53

During the quarter and nine months ended December 31, 2012, Nil and 20,000 options were granted by the Company respectively under DSOP 2006.

The weighted average fair value of each option of Mindtree, granted during the quarter and nine months ended December 31, 2012 was Rs Nil and Rs 393.56 respectively 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%

3.1.2 Reserves and surplus

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
Capital reserve		
Opening balance	87	87
Additions during the period	-	-
	87	**87**
Securities premium reserve		
Opening balance	1,808	1,669
Additions during the period on exercise of employee stock options	214	139
	2,022	**1,808**
General reserve		
Opening balance	752	533
Add: Transfer from statement of profit and loss	161	219
	913	**752**
Share option outstanding account		
Opening balance	48	48
Additions during the period	-	-
	48	**48**
Hedge reserve		
Opening balance	(250)	81
Additions during the period	187	(331)
	(63)	**(250)**
Surplus (Balance in the statement of proft and loss)		
Opening balance	6,726	4,946
Add: Amount transferred from statement of profit and loss	2,600	2,187
Amount avalaible for appropriations	9,326	7,133
Appropriations:		
Interim dividend	(123)	(101)
Final dividend	-	(61)
Dividend distribution tax	(20)	(26)
Amount transfered to general reserve	(161)	(219)
	9,022	**6,726**
Total	**12,029**	**9,171**

3.2 Non-current liabilities

3.2.1 Long-term borrowings

Rs in million

Particulars	**As at December 31, 2012**	**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 December 31, 2012**	**As at March 31, 2012**
Interest accrued but not due on borrowings	-	1
Other long-term liabilities	47	45
Total	**47**	**46**

3.3 Current liabilities

3.3.1 Short-term borrowings

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
(Secured)		
Other loans from banks	220	407
Total	**220**	**407**

During the period, the Company 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 Company. As at December 31, 2012, the Company has outstanding packing credit loan of USD 4 million (As at March 31, 2012: USD 8 million). The Company 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 December 31, 2012			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	220	1.98%	29-May-13	-	-	-
Total	**220**			**407**		

3.3.2 Other current liabilities

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	2	2
Unearned income	66	19
Unpaid dividends	3	3
Creditors for capital goods	42	33
Advances from customers	62	69
Employee related liabilities	996	836
Book overdraft	66	125
Other liabilities**	1,062	1,363
Total	**2,304**	**2,455**

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

**Includes derivative liability of Rs 171 million (As at March 31, 2012: Rs 590 million).

As at December 31, 2012, the Company has outstanding forward contracts amounting to USD 113.75 million (As at March 31, 2012: USD 112.5 million) and Euro 10.25 million (As at March 31, 2012: Euro 9 million), forward strips and leverage option contracts amounting to USD 3 million (As at March 31, 2012: USD 29.25 million). These derivative instruments have been entered to hedge highly probable forecast 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 loss has been debited 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 of Rs 32 million for the quarter ended December 31, 2012 and Rs 265 million for the nine months ended December 31, 2012 (quarter ended December 31, 2011: loss of Rs 154 million, nine months ended December 31, 2011: loss of Rs 246 million) has been recorded in the statement of profit and loss.

3.3.3 Short-term provisions

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
Provision for employee benefits		
- Gratuity	47	1
- Compensated absences	234	228
Provision for taxes	205	257
Provision for discount	143	109
Dividend payable	-	61
Dividend distribution tax payable	-	10
Provision for forseeable losses on contracts	-	4
Provision for post contract support services	5	5
Provision for disputed dues*	55	49
Total	**689**	**724**

*****Represents disputed tax dues provided during the previous year pursuant to unfavourable order received from the tax authorities against which the Company has preferred an appeal with the relevant authority. In respect of this provision, the disclosures required by AS 29 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 December 31, 2012**	**As at March 31, 2012**
Change in projected benefit obligations		
Obligations at the beginning of the period	276	265
Service cost	52	41
Interest cost	15	19
Benefits settled	(35)	(74)
Actuarial (gain)/loss	(1)	25
Obligations at end of the period	**307**	**276**
Change in plan assets		
Plan assets at the beginning of the period, at fair value	275	257
Expected return on plan assets	14	19
Actuarial gain/(loss)	5	38
Contributions	1	35
Benefits settled	(35)	(74)
Plan assets at the end of the period, at fair value	**260**	**275**
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the period	260	275
Present value of defined obligations at the end of the period	(307)	(276)
Asset/ (liability) recognised in the balance sheet	**(47)**	**(1)**

Rs in million

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Gratuity cost for the quarter				
Service cost	9	(7)	52	26
Interest cost	5	5	15	16
Expected return on plan assets	(4)	(3)	(14)	(13)
Actuarial (gain)/loss	(1)	(2)	(6)	(20)
Net gratuity cost	**9**	**(7)**	**47**	**9**
Actual Return on plan assets	5	5	19	32
Assumptions				
Interest rate	8.05%	8.57%	8.05%	8.57%
Expected rate of return on plan assets	8.05%	8.57%	8.05%	8.57%
Salary increase	6.00%	6.00%	6.00%	6.00%
Attrition rate	15.00%	19.10%	15.00%	19.10%
Retirement age	60	60	60	60

The estimates of future salary increases, considered in actuarial valuation, takes 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 Accounting Standard – 29 ‘Provisions, Contingent Liabilities and Contingent Assets’ (‘AS 29’) is as follows:-

Provision for post contract support services

Rs in million

Particulars	For the nine months ended December 31,	
	2012	**2011**
Balance at the beginning of the period	5	5
Provision at the end of the period	5	5

Provision for discount

Rs in million

Particulars	**For the nine months ended December 31,**	
	2012	**2011**
Balance at the beginning of the period	109	49
Provisions made during the period	108	65
Utilisations during the period	(74)	(29)
Provision at the end of the period	143	85

Provision for foreseeable losses on contracts

Rs in million

Particulars	**For the nine months ended December 31,**	
	2012	**2011**
Balance at the beginning of the period	4	2
Provisions made during the period	-	4
Utilisations during the period	(4)	(1)
Provision at the end of the period	-	5

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 quarter and nine months ended December 31, 2012

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 period	Deletions during the period	As at December 31, 2012	As at April 1, 2012	For the period	Deletions during the period	As at December 31, 2012	As at December 31, 2012	As at March 31, 2012
Tangible assets										
Leasehold land	425	-	-	425	59	9	-	68	357	366
Buildings	1,626	-	-	1,626	232	43	-	275	1,351	1,394
Leasehold improvements	1,064	88	12	1,140	708	126	10	824	316	356
Computer systems (including software)	1,636	242	6	1,872	1,425	164	3	1,586	286	211
Test equipment	218	1	-	219	143	41	-	184	35	75
Furniture and fixtures	144	8	6	146	125	15	6	134	12	19
Electrical installations	222	24	6	240	180	23	6	197	43	42
Office equipment	408	46	8	446	330	36	8	358	88	78
Motor vehicles	2	-	-	2	2	-	-	2	-	-
Plant and machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,753**	**409**	**38**	**6,124**	**3,205**	**457**	**33**	**3,629**	**2,495**	**2,548**
Intangible assets										
Intellectual property	67	-	-	67	24	12	-	36	31	43
Total (B)	**67**	**-**	**-**	**67**	**24**	**12**	**-**	**36**	**31**	**43**
Total (A+B)	**5,820**	**409**	**38**	**6,191**	**3,229**	**469**	**33**	**3,665**	**2,526**	**2,591**
Previous year	5,624	282	86	5,820	2,618	695	84	3,229	2,591	

3.4.2 Non-current investments

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
Investment in equity instruments		
Investment in Trade - unquoted investments	8	8
Investment in subsidiary	-	23
Less: Provision for diminution in value of investments	(1)	(1)
Total	**7**	**30**
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	8	31

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

Rs in million

Particulars	**As at December 31, 2012**	**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**

Investment in subsidiary represents investment in Mindtree Software (Shenzhen) Co., Ltd (‘MSSL’).
During the period, the Company has dissolved MSSL and the funds available with MSSL amounting to Rs 18 million were received by the Company. Consequently, the loss on the dissolution of MSSL amounting to Rs 3 million has been recognised in the statement of profit and loss.

3.4.3 Taxes

Rs in million

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	2011	2012	2011
Tax expense				
- Current tax	262	211	642	459
- MAT credit entitlement	-	(74)	-	(94)
	262	137	642	365
Deferred tax	13	(9)	(14)	(71)
Total	**275**	**128**	**628**	**294**

The Company has units at Bangalore 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 Company also has STPI units at Bangalore, Hyderabad 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 nine months ended December 31, 2012, the Company has recorded additional foreign tax credit of Rs 97 million relating to financial year 2010-2011 and financial year 2011-2012. Accordingly, tax provision for current period is lower by Rs 97 million. The Company 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 December 31, 2012**	**As at March 31, 2012**
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	225	222
Provision for doubtful debts	11	6
Compensated absence	45	39
Provision for volume discount	34	34
Others	19	19
Total deferred tax assets	**334**	**320**

3.4.4 Long-term loans and advances

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
(Unsecured considered good)		
Capital advances	158	102
Security deposits*	395	442
Advances recoverable in cash or in kind or for value to be received*	12	-
Total	**565**	**544**

***Refer note 3.15 for related party balances.**

3.4.5 Other non-current assets

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
(Unsecured considered good)		
Advance tax and tax deducted at source, net of provision for taxes	873	742
MAT credit entitlement	174	246
Others non-current assets	37	40
Total	**1,084**	**1,028**

3.5 Current assets

3.5.1 Current investments

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
Investment in mutual funds (net)	3,531	2,750
Less: Provision for diminution in the value of investments	(1)	-
Term deposits	400	325
Total	**3,930**	**3,075**
Aggregate amount of quoted investments	3,531	2,750
Aggregate market value of quoted investments	3,654	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 December 31, 2012	As at March 31, 2012
ICICI Prudential Mutual Fund	333	301
IDFC Mutual Fund	258	346
UTI Mutual Fund	252	233
HSBC Mutual Fund	120	170
Franklin Templeton Mutual Fund	346	176
DSP Blackrock Mutual Fund	350	215
Birla Sun Life Mutual Fund	300	291
Reliance Mutual Fund	378	267
Tata Mutual Fund	152	284
DWS Mutual Fund	151	-
SBI Mutual Fund	290	50
HDFC Mutual Fund	335	122
Axis Mutual Fund	-	120
AIG Mutual Fund	30	-
Kotak Mutual Fund	50	-
L&T Mutual Fund	35	-
Fidelity Mutual Fund	50	50
IDBI Mutual Fund	101	125
Total	**3,531**	**2,750**

Details of investments in term deposit are as given below:

Rs in million

Particulars	As at December 31, 2012	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 December 31, 2012**	**As at March 31, 2012**
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	130	26
- considered doubtful	44	21
Other debts		
- considered good	4,632	4,052
- considered doubtful	4	19
Less: Provision for doubtful debts	(48)	(40)
Total	**4,762**	**4,078**

3.5.3 Cash and bank balances

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
Cash and cash equivalents		
Balances with banks in current and deposit accounts*	961	582
Other bank balances**	3	3
Total	**964**	**585**

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

Particulars	**As at December 31, 2012**	**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 restricted in nature.

3.5.4 Short-term loans and advances

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received*	429	191
Total	**429**	**191**

***Refer note 3.15 for related party balances.

3.5.5 Other current assets

Rs in million

Particulars	As at December 31, 2012	As at March 31, 2012
Unbilled revenue	427	479
MAT credit entitlement	16	-
Other current assets*	518	346
Total	**961**	**825**

*Includes derivative asset of Rs 67 million (As at March 31, 2012: Rs 25 million).

3.6 Other income

Rs in million

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	2011	2012	2011
Interest income	17	15	46	36
Dividend income	39	18	90	45
Net gain on sale of investments	14	-	55	14
Foreign exchange gain/(loss)	-	(27)	-	233
Other non-operating income	-	3	5	42
Total	**70**	**9**	**196**	**370**

3.7 Expenses

Rs in million

Employee benefits expense	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	2011	2012	2011
Salaries and wages	3,212	2,976	9,615	8,337
Contribution to provident and other funds	269	244	820	678
Staff welfare expenses	36	22	94	67
Total	**3,517**	**3,242**	**10,529**	**9,082**

Finance costs	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	2011	2012	2011
Interest expense	2	1	9	2
Total	**2**	**1**	**9**	**2**

Other expenses	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	2011	2012	2011
Travel expenses	239	251	673	692
Sub-contractor charges	224	200	635	488
Computer consumables	67	75	179	270
Legal and professional charges	75	46	179	139
Power and fuel	51	45	159	139
Rent (Refer note 3.16)	95	89	297	241
Repairs to buildings	10	5	43	19
Repairs to machinery	6	6	14	11
Insurance	5	6	15	14
Rates and taxes	18	33	52	96
Exchange loss/(gain), net	(142)	-	187	-
Other expenses	390	300	1,022	756
Total	**1,038**	**1,056**	**3,455**	**2,865**

3.8 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2012 is Rs 504 million (March 31, 2012: Rs 420 million).

b) As of the balance sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs 4,269 million (March 31, 2012: Rs 3,709 million).

c) The Company has received income tax assessment for the financial year 2008-09 wherein demand of Rs 24 million has been raised against the Company 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 Company. 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 Company has filed an appeal against the demands received.

d) The Company 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 Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.

e) The Company 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 45 million, Rs 58 million, Rs 119 million and Rs 214 million respectively has been raised against the Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals).

The Company 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 Company'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 Company 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 period, the Hon'ble High Court of Karnataka has remanded the matter back to the assessment officer for re-assessment.

The Company 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 Company 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 Company 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 Company has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received. The Company has deposited Rs 5 million with the department against this demand.

3.9 Quantitative details

The Company is engaged in software development services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 5(viii)(c) of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

3.10 Value of imports on CIF basis

Rs in million

Particulars	**For the quarter ended December 31,**	
	2012	**2011**
Capital goods	12	11
Others	1	4
Total	**13**	**15**

Rs in million

Particulars	**For the nine months ended December 31,**	
	2012	**2011**
Capital goods	76	51
Others	4	6
Total	**80**	**57**

3.11 Expenditure in foreign currency

Rs in million

Particulars	**For the quarter ended December 31,**	
	2012	**2011**
Branch office expenses	1,889	1,429
Travel expenses	38	50
Professional charges	3	3
Others	18	87
Total	**1,948**	**1,569**

Rs in million

Particulars	**For the nine months ended December 31,**	
	2012	**2011**
Branch office expenses	5,628	4,406
Travel expenses	108	155
Professional charges	9	6
Others	60	428
Total	**5,805**	**4,995**

3.12 Earnings in foreign currency

Rs in million

Particulars	**For the quarter ended December 31,**	
	2012	**2011**
Income from software development	5,690	4,912
Other income	-	1
Total	**5,690**	**4,913**

Rs in million

Particulars	For the nine months ended December 31, 2012	2011
Income from software development	16,766	13,075
Other income	-	2
Total	**16,766**	**13,077**

3.13 During the quarter and nine months ended December 31, 2012 the Company has remitted in foreign currency dividend of Rs 5 million and Rs 8 million respectively (quarter and nine months ended December 31, 2011: Rs 7 million and Rs. 10 million respectively).

Particulars	For the quarter ended December 31, 2012	For the quarter ended December 31, 2011
Number of shares held	1,693,943	2,898,930
Number of shareholders	45	47
Amount remitted (Rs)	5 million	7 million
Year to which dividend relates	Interim Dividend 2012-13	Interim dividend 2011-12

Particulars	For the nine months ended December 31, 2012	For the nine months ended December 31, 2011
Number of shares held		
Final dividend	1,743,465	2,717,566
Interim dividend	1,693,943	2,898,930
Number of shareholders		
Final dividend	46	50
Interim dividend	45	47
Amount remitted (Rs)	8 million	10 million
Year to which dividend relates	Final dividend 2011-12 Interim dividend 2012-13	Final dividend 2010-11 Interim dividend 2011-12

3.14 Segmental reporting

The Company's operations predominantly relate to providing IT Services and PE Services. Accordingly, the Company 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 Company 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 Company 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

Statement of profit and loss for the quarter ended December 31, 2012	IT Services	PE Services	Total
Revenues	4,136	1,765	5,901
Operating expenses, net	3,358	1,339	4,697
Segmental operating income	**778**	**426**	**1,204**
Unallocable expenses			151
Profit for the period before interest, other income and tax			**1,053**
Interest expense			(2)
Other income			212
Net profit before taxes			**1,263**
Income taxes			(275)
Net profit after taxes			**988**

Rs in million

Statement of profit and loss for the quarter ended December 31, 2011	**IT Services**	**PE Services**	**Total**
Revenues	3,466	1,731	5,197
Operating expenses, net	2,831	1,467	4,298
Segmental operating income	**635**	**264**	**899**
Unallocable expenses			173
Profit for the period before interest, other income and tax			**726**
Interest expense			(1)
Other income			9
Net profit before taxes			**734**
Income taxes			(128)
Net profit after taxes			**606**

Rs in million

Statement of profit and loss for the nine months ended December 31, 2012	**IT Services**	**PE Services**	**Total**
Revenues	12,107	5,387	17,494
Operating expenses, net	9,656	4,141	13,797
Segmental operating income	**2,451**	**1,246**	**3,697**
Unallocable expenses			656
Profit for the period before interest, other income and tax			**3,041**
Interest expense			(9)
Other income			196
Net profit before taxes			**3,228**
Income taxes			(628)
Net profit after taxes			**2,600**

Rs in million

Statement of profit and loss for the nine months ended December 31, 2011	IT Services	PE Services	Total
Revenues	9,032	4,863	13,895
Operating expenses, net	7,625	4,322	11,947
Segmental operating income	**1,407**	**541**	**1,948**
Unallocable expenses			527
Profit for the period before interest, other income and tax			**1,421**
Interest expense			(2)
Other income			370
Net profit before taxes			**1,789**
Income taxes			(294)
Net profit after taxes			**1,495**

Geographical segments

Rs in million

Revenues	For the quarter ended December 31,		For the nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
America	3,293	2,931	10,026	8,089
Europe	1,781	1,448	5,150	3,562
India	369	376	1,089	1,094
Rest of World	458	442	1,229	1,150
Total	**5,901**	**5,197**	**17,494**	**13,895**

3.15 Related party transactions

Name of related party	Nature of relationship
Mindtree Software (Shenzhen) Co Ltd ('MSSL'), Republic of China	Subsidiary*
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 20.98% 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

*Dissolved with effect from August 31, 2012.

Transactions with the above related parties during the period were:

Rs in million

Name of related party	Nature of transaction	For the quarter ended December 31, 2012	2011
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	5	4
Tanglin Developments Limited	Leasing office buildings and land	66	69
	Advance towards electricity deposit paid and received back	100	-

Rs in million

Name of related party	Nature of transaction	For the nine months ended December 31, 2012	2011
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	10	12
Tanglin Developments Limited	Leasing of office buildings and land	223	210

Balances payable to related parties are as follows:

Rs in million

Name of related party	As at December 31, 2012	As at March 31, 2012
Mindtree Software (Shenzhen) Co Ltd	-	3
Tanglin Developments Limited	2	6

Balances receivable from related parties are as follows:

Rs in million

Name of related party	Nature of transactions	As at December 31, 2012	As at March 31, 2012
Tanglin Developments Limited	Rental Advance		
	- Current	138	-
	- Non-current	12	-
	Security Deposit returnable on termination of lease	345	345
Janalakshmi Financial Services Private Limited	Interest bearing deposits	-*	125

*****Redeemed during the period 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 Company. 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 quarter and nine months ended December 31, 2012 amounts to Rs 25 million and Rs 66 million respectively (for the quarter and nine months ended December 31, 2011: Rs 8 million and Rs 26 million respectively). Dividends paid to directors during the quarter and nine months ended December 31, 2012 amounts to Rs 20 million and Rs 30 million respectively (quarter and nine months ended December 31, 2011 amounts to Rs. 13 million and Rs 19 million respectively).
The above remuneration excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

3.16 Lease transactions

Lease rental expense under non-cancellable operating lease during the quarter and nine months ended December 31, 2012 amounted to Rs 38 million and Rs 139 million respectively (for the quarter and nine months ended December 31, 2011: Rs 24 million and Rs 65 million respectively). Future minimum lease payments under non-cancellable operating lease are as below:

Rs in million

Particulars	**As at December 31, 2012**	**As at March 31, 2012**
Payable -- Not later than one year	144	138
Payable -- Later than one year and not later than five years	308	224

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancelable operating lease during the quarter and nine months ended December 31, 2012 was Rs 57 million and Rs 158 million respectively (for the quarter and nine months ended December 31, 2011:Rs 65 million and Rs 176 million respectively).

3.17 Earnings per equity share

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

Particulars	**For the quarter ended December 31, 2012**		**For the quarter ended December 31, 2011**	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the quarter	41,050,705	41,050,705	40,389,594	40,389,594
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	476,026	-	273,902
Weighted average number of equity shares for calculation of earnings per share	41,050,705	41,526,731	40,389,594	40,663,496

Particulars	**For the nine months ended December 31, 2012**		**For the nine months ended December 31, 2011**	
	Basic EPS	**Diluted EPS**	**Basic EPS**	**Diluted EPS**
Weighted average number of equity shares outstanding during the period	40,824,138	40,824,138	40,224,672	40,224,672
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	555,862	-	4,687
Weighted average number of equity shares for calculation of earnings per share	40,824,138	41,380,000	40,224,672	40,229,359

3.18 Auditor's remuneration

Rs in million

Particulars	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Audit fees	3	4	10	13
Other services	2	-	4	-
Total	**5**	**4**	**14**	**13**

3.19 The company 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 recognized in the financial statements is given below:

Rs in million

Nature of expenses	**For the quarter ended December 31,**		**For the nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Reimbursement of rent	1	-	1	-
Grant towards workforce training	1	-	1	-
Non-monetary grant of US$ 950,000 for renovation of project facility*	51	-	51	-
Total	**53**	**-**	**53**	**-**

*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.

3.20 Corresponding figures for the previous period presented have been regrouped, where necessary, to conform to the current period'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: January 18, 2013

Place: Bangalore
Date: January 18, 2013