

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 - Significant accounting policies and notes to the accounts
For the half year ended Sep 30, 2008

1. Background

MindTree Ltd ('MindTree' or 'the Company') [formerly 'MindTree Consulting Limited'] is an international Information Technology ("IT") consulting and implementation company that delivers business solutions through global software development. MindTree is structured into two business units that focus on software development – R&D Services and IT Services. R&D Services 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. 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. MindTree is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada and France.

The Company was converted into a public limited company by a special resolution of the members passed at the Annual General Meeting held on September 27, 2006. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on November 6, 2006 by the Registrar of Companies, Karnataka.

In February 2007, the Company completed an Initial Public Offering ('IPO') of its equity shares comprising fresh issue of 5,593,300 equity shares of Rs. 10 each at a price of Rs. 425 per share.

The name of the Company was changed from 'MindTree Consulting Limited' to 'MindTree Limited' and approval for the purpose from shareholders was obtained through a postal ballot pursuant to section 192A of the Companies Act, 1956 on March 17, 2008. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on March 28, 2008 by the Registrar of Companies, Karnataka.

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 and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable.

MindTree Ltd

(formerly MindTree Consulting Limited)

Schedule 15 – Significant accounting policies and notes to the accounts (continued)

For the half year ended Sep 30, 2008

2.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles 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

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 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 1, 2001 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.

2.3.3 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date and the cost of the fixed asset not ready for its intended use on such date, are disclosed under capital work-in-progress.

2.3.4 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the 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 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
Computer systems (including software)	2-3 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Motor vehicles	4 years
Building	30 years

2.3.5 Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the period of purchase/ installation.

MindTree Ltd

(formerly MindTree Consulting Limited)

Schedule 15 – Significant accounting policies and notes to the accounts (continued)

For the half year ended Sep 30, 2008

- 2.3.6 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements are amortised over the lease term or useful life, whichever is lower.

2.4 Investments

- 2.4.1 Long-term 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 (determined on the specific identification basis) and fair value. The comparison of cost and fair value is done separately in respect of each investment.
- 2.4.3 Profit or loss on sale of investments is determined on the specific identification basis.

2.5 Retirement benefits

- 2.5.1 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 and SBI Life Insurance Company. Actuarial gains and losses are charged to the profit and loss account.
- 2.5.2 Leave encashment is 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.
- 2.5.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.6 Revenue recognition

- 2.6.1 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. Revenues are stated net of discounts and include expenses billed to the customers.

Maintenance revenue is accrued over the period of the contract.

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.

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

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

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

2.7 Foreign exchange transactions

2.7.1 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. Additionally, the Company enters into interest rate and currency derivatives to minimize its interest costs.

2.7.2 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 profit and loss account for the year.

2.7.3 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 profit and loss account. 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.

2.7.4 With effect from April 1, 2008, the Company has adopted the principles of Accounting Standard ('AS') 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 " Accounting for the Effects of Changes in Foreign Exchange Rates" and that relate to a firm commitment or a highly probable forecast transactions. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Company has met all the conditions of cash flow hedge accounting, are fair valued at Sep 30, 2008 and the resultant exchange loss is debited to the hedging reserve. This loss would be recorded in profit and loss account when the underlying transactions affect earnings. Other derivative instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange loss has been debited to profit and loss account for the period.

2.8 Warranties

Warranty costs 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.

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

2.9 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.

2.10 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 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.

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.

2.11 Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

The Finance Act, 2007 has introduces Fringe Benefit Tax (FBT) on employee stock options. The Company recovers such FBT from the employees, upon the exercise of the stock options. The FBT liability and related recovery is recorded at the time of exercise of options in the profit and loss account.

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

2.12 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 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.

2.13 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 profit and loss account. 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.

2.14 Employee stock options

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized over the vesting period of the option.

3. Purchase of business

During the previous quarter, the Company had acquired 13,926,076 equity shares Aztecsoft Limited ('Aztec') at a cost of Rs. 11,114.6 lakhs. During the current quarter, the Company has additionally acquired 22,515,519 equity shares of Aztec pursuant to open public offer and market purchases for an aggregate consideration of Rs. 18,173.8 lakhs including acquisition expenses. Consequent to the acquisition of these shares, Aztec has become a subsidiary of the Company. As at September 30, 2008, the Company owns 79.9% of equity based on outstanding issued shares of Aztec.

The Company has accounted for its investment in Aztec using equity method from the date of acquiring significant influence i.e May 31, 2008 till the date of acquiring control i.e July 31, 2008. From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line-by-line basis.

The Company has received the requisite approvals from the stock exchanges on the merger scheme. The Company proposes to file an application with the high court for the merger of Aztec with itself with effective date as April 1, 2009.

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

4. Employee stock options

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 five stock option programs.

Program 1 [ESOP 1999]

Options under this program have been granted to employees at an exercise price of Rs. 2 per option. In conjunction with the consolidation and subsequent issue of bonus shares, the Company increased the exercise price of the options outstanding as at December 31, 2006 (to the revised par value of the underlying equity shares), to comply with the regulatory requirements. The modifications did not increase the value of the options for the employee, and accordingly did not result in an accounting consequence. 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.

Outstanding options as at April 1, 2008	39,539
Granted during the year	-
Exercised during the year	-
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at Sep 30, 2008	39,539

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.

Outstanding options as at April 1, 2008	362,626
Granted during the year	-
Exercised during the year	50,078
Lapsed during the year	-
Forfeited during the year	15,568
Outstanding options as at Sep 30, 2008	296,980

MindTree Ltd**(formerly MindTree Consulting Limited)****Schedule 15 – Significant accounting policies and notes to the accounts (continued)***For the half year ended Sep 30, 2008****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.

Outstanding options as at April 1, 2008	302,563
Granted during the year	-
Exercised during the year	4,995
Lapsed during the year	
Forfeited during the year	16,705
Outstanding options as at Sep 30, 2008	280,863

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.

Outstanding options as at April 1, 2008	2,810,770
Granted during the year	89,000
Exercised during the year	5,179
Lapsed during the year	
Forfeited during the year	118,945
Outstanding options as at Sep 30, 2008	2,775,646

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

Options under this program have been granted to independent directors at an exercise price of Rs. 300 per option. 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 Rs10 each. The contractual life of each option is 4 years after the date of the grant.

Outstanding options as at April 1, 2008	66,670
Granted during the year	-
Exercised during the year	-
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at Sep 30, 2008	66,670

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

The weighted average exercise price is Rs. 10 under program 1, Rs. 50 under program 2, Rs 250 under program 3, Rs. 331.64 under program 4 and Rs 300 under DSOP 2006. The weighted average exercise price for stock options exercised during the half year ended September 30, 2008 was Rs. 88.16. The options outstanding at September 30, 2008 had a weighted average exercise price of Rs 296.55.

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

The Company has established a Trust ('MindTree Benefit Trust'), which may at its discretion, repurchase shares from the employees, when an employee leaves the Company. This is facilitated through a loan to the Trust from the Company. Under certain circumstances, the shares repurchased by Trust, are issued to the employees of the Company. As at September 30, 2008, outstanding shares held by the trust were 189,110.

5. Contingent liabilities and commitments

- a) Guarantees given by Company's bankers as at September 30, 2008 are Rs 34,393,457 (previous year- Rs. 43,317,454).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for as at September 30, 2008 is Rs. 129,056,674 (previous year - Rs 160,583,022).
- c) On 19 September 2007, the Company received a notice from the Honorable High court of Karnataka to appear before the Honorable court in respect of assessment of income for A.Y 2001-02. The Assessing Officer ('AO') has held that interest receipts are not eligible for deduction under section 10B of the Act even though they are business income and disallowed the same. Further AO also mentioned that losses from export earnings cannot be set off against other income. The AO also rejected the claim of carry forward of business loss and unabsorbed depreciation. The order of the AO was not upheld by ITAT and the AO preferred an appeal with the Honorable High Court of Karnataka against the order of the ITAT. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the half year ended Sep 30, 2008.
- d) On January 2, 2008, MindTree has received an assessment order for A.Y 2005-06 from the AO with a demand amounting to Rs. 6,479,880 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the half year ended Sep 30, 2008. The Company has filed an appeal against the demand received.

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

6. Quantitative details

The Company is engaged in the 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 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

7. Segmental reporting

The Company's operations predominantly relate to providing IT services in two primary business segments viz. IT Services and R&D Services. 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

	Amounts in Rs.		
Profit and Loss statement for the half year ended Sep 30, 2008	R&D Services	IT Services	Total
Revenues	987,095,392	3,780,489,948	4,767,585,340
Operating expenses, net	828,614,779	2,755,937,795	3,584,552,574
Segmental operating income	158,480,613	1,024,552,153	1,183,032,766
Unallocable expenses			883,942,742
Profit for the period before interest			299,090,024
Interest expense			68,907,837
Other income			59,340,385
Net profit before taxes			289,522,572
Income taxes			51,900,697
Net profit after taxes			237,621,875

MindTree Ltd**(formerly MindTree Consulting Limited)****Schedule 15 – Significant accounting policies and notes to the accounts (continued)***For the half year ended Sep 30, 2008*

Profit and Loss statement for the half year ended Sep 30, 2007	R&D Services	IT Services	Total
Revenues	770,265,647	2,664,239,002	3,434,504,649
Operating expenses, net	695,815,153	2,181,653,835	2,877,468,988
Segmental operating income	74,450,494	482,585,167	557,035,661
Unallocable expenses			161,890,349
Profit for the period before interest			395,145,308
Interest expense			27,264,995
Other income			161,353,796
Net profit before taxes			529,234,109
Income taxes			51,700,548
Net profit after taxes			477,533,561

Profit and loss statement for the year ended March 31, 2008	R&D Services	IT Services	Total
Revenues	1,608,738,059	5,729,657,397	7,338,395,456
Operating expenses, net	1,424,952,076	4,651,292,533	6,076,244,609
Segmental operating income	183,785,983	1,078,364,864	1,262,150,847
Unallocable expenses			353,567,060
Profit for the year before interest			908,583,787
Interest expense			58,948,643
Other income			277,618,941
Net profit before taxes			1,127,254,085
Income taxes			85,461,802
Net profit after taxes			1,041,792,283

Geographical segments

Revenues	Amounts in Rs.		
	Half year ended Sep 30, 2008	Half year ended Sep 30, 2007	Year ended March 31, 2008
America	2,858,478,181	2,347,942,246	4,844,040,680
Europe	1,141,601,151	599,400,398	1,348,610,633
India	219,780,632	165,483,072	420,941,397
Rest of World	547,725,376	321,678,933	724,802,746
Total	4,767,585,340	3,434,504,649	7,338,395,456

8. Related party transactions

Name of Related Party	Relationship
MindTree Benefit Trust	The Trust is effectively controlled by the Company
MindTree Technologies Private Limited	100% Subsidiary
Aztecsoft Limited	79.9% Subsidiary

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

Transactions with the above related parties during the period were:

					<i>Amount in Rs.</i>
Name of Related Party	Nature of Transaction	Half year ended Sep 30, 2008	Half year ended Sep 30, 2007	Year ended March 31, 2008	
MindTree Benefit Trust	Loans given/ (repaid)	Nil	Nil	Nil	
MindTree Technologies Private Limited	Advance given	19,123,621	Nil	8,620,889	
MindTree Technologies Private Limited	Sub contracting services received	44,945,350	Nil	6,006,269	
Aztecsoft Limited	Sub contracting services provided	3,700,000	Nil	Nil	

Balances receivable from related parties are as follows:

				<i>Amount in Rs.</i>
Name of Related Party	Sep 30, 2008	Sep 30, 2007	March 31, 2008	
MindTree Benefit Trust	Nil	Nil	Nil	
MindTree Technologies Private Limited	(25,821,729)	Nil	2,614,620	
Aztecsoft Limited	3,700,000	Nil	Nil	

Key managerial personnel:

Ashok Soota	Chairman and Managing Director
Subroto Bagchi	Gardener
N Krishnakumar	Chief Executive Officer
S Janakiraman	President and CEO, R&D services
Dr. Albert Hieranimous	Non executive Director
George M. Scalise	Non executive Director
Mark A. Runacres	Non executive Director
N. Vittal	Non executive Director
R. Srinivasan	Non executive Director

MindTree Ltd**(formerly MindTree Consulting Limited)****Schedule 15 – Significant accounting policies and notes to the accounts (continued)***For the half year ended Sep 30, 2008*

Remuneration paid to key managerial personnel amounts to Rs. 12,947,748 (Rs 30,484,619 for previous year). Advances due from directors in the nature of travel and business expense advances as at Sep 30, 2008 amounted to Rs. 519,362 (due from directors Rs. 782,221 for previous year).

9. Earnings per share

The computation of earnings per share is set out below:

Particulars	For the half year ended Sep 30, 2008		For the half year ended Sep 30, 2007	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax	237,621,875		477,533,561	
Shares				
Weighted average number of equity shares outstanding during the period	37,767,694	37,767,694	37,581,454	37,581,454
Weighted average number of equity shares resulting from assumed exercise of employee stock options		906,832		1,462,013
Weighted average number of equity shares for calculation of earnings per share	37,767,694	38,674,526	37,581,454	39,043,467

Particulars	For the year ended March 31, 2008	
	Basic EPS	Diluted EPS
Profit after tax	1,041,792,283	
Shares		
Weighted average number of equity shares outstanding during the year	37,625,112	37,625,112
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,323,603
Weighted average number of equity shares for calculation of earnings per share	37,625,112	38,948,715

MindTree Ltd
(formerly MindTree Consulting Limited)
Schedule 15 – Significant accounting policies and notes to the accounts (continued)
For the half year ended Sep 30, 2008

As per the Guidance note (issued in January 2005) on Accounting for Employee Share Based Payments by the ICAI, 189,110 (previous year- 189,110), weighted average number of shares held by MindTree Benefit Trust have been reduced from the equity shares outstanding for computing basic and diluted earnings per share for the half year ended Sep 30, 2008. Equity shares issuable pursuant to the warrant agreement with the customer are considered outstanding and included in the computation of basic and diluted earnings per share to the extent that conditions specified in the agreement are met.

10. Statement of utilisation of IPO funds as of Sep 30, 2008

Particulars	Amount in Rs
Amount raised through IPO	2,377,152,500
Share issue expenses paid	188,717,406
Net proceeds	2,188,435,096
Deployment	
Repayment of debts	113,750,000
Utilization for Chennai facility expansion	812,542,615
Investment in fixed deposits with banks	108,500,000
Short term investments in mutual funds pending utilization	177,728,961
General Corporate purposes	975,913,520
Total	2,188,435,096

11. Derivatives

The company has the following derivative instruments as of Sep 30, 2008:

1. Forward contracts amounting to USD 29 million (previous year USD 44.4 million) and CHF 20.6 million (previous year CHF 22 million).
2. Option contracts amounting to USD 128.8 million (previous year USD 160.5 million and GBP 0.30 million).
3. Currency and interest rate swap arrangements to the extent of Rs. 684.6 million (previous year Rs. 736.55 million)

In accordance with AS 30 such derivative financial instruments which qualify for cash flow hedge accounting, the resultant exchange loss of Rs. 148.9 million has been debited to hedging reserve of the company. Other derivative instruments that do not qualify for hedge accounting, the resultant exchange loss of Rs. 702 million have been debited to the profit and loss account for the period.

12. Prior period comparatives

Previous year's figures have been regrouped /reclassified wherever necessary, to conform to current year's classification.