

MINDTREE LIMITED AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Rupees in millions, except share data)			
	Note	As at June 30, 2014	As at March 31, 2014
Assets			
Property, plant and equipment	4	3,731	3,539
Intangible assets	5	144	172
Available-for-sale financial assets	6	11	181
Deferred tax assets		518	517
Non-current tax assets		870	853
Other non-current assets	9	1,006	1,013
Total non-current assets		6,280	6,275
Trade receivables	7	6,905	6,004
Other current assets	9	1,724	1,670
Unbilled revenues		882	1,014
Available-for-sale financial assets	6	5,192	4,912
Derivative assets		58	93
Cash and cash equivalents	8	1,214	1,185
Total current assets		15,975	14,878
Total assets		22,255	21,153
Equity			
Share capital		836	417
Share premium		2,071	2,429
Retained earnings		15,253	14,230
Other components of equity		288	219
Equity attributable to owners of the company		18,448	17,295
Non-controlling interests		-	-
Total equity		18,448	17,295
Liabilities			
Loans and borrowings	10	16	21
Other non-current liabilities	12	196	134
Provisions	12	48	39
Total non-current liabilities		260	194
Loans and borrowings and book overdraft	10	117	90
Trade payables and accrued expenses	11	966	815
Unearned revenue		131	100
Current tax liabilities		370	219
Derivative liabilities		-	44
Employee benefit obligations	13	340	322
Other current liabilities	12	1,235	1,773
Provisions	12	388	301
Total current liabilities		3,547	3,664
Total liabilities		3,807	3,858
Total equity and liabilities		22,255	21,153

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

		(Rupees in millions, except share data)	
		Three months ended June 30,	
	Note	2014	2013
Revenues		8,402	6,456
Cost of revenues	16	(5,385)	(4,226)
Gross profit		3,017	2,230
Selling, general and administrative expenses	16	(1,595)	(1,220)
Results from operating activities		1,422	1,010
Foreign exchange gain		137	617
Finance expenses		(1)	(2)
Finance and other income	18	81	126
Profit before tax		1,639	1,751
Income tax expense	15	(372)	(390)
Profit for the period		<u>1,267</u>	<u>1,361</u>
Attributable to:			
Owners of the Company		1,267	1,361
Non-controlling interests		-	-
		<u>1,267</u>	<u>1,361</u>
Earnings per equity share:	19		
Basic		15.18	16.38
Diluted		15.11	16.26
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		83,484,436	83,089,978
Diluted		83,886,144	83,686,158

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MINDTREE LIMITED AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	(Rupees in millions, except share data)	
	Three months ended June 30,	
	2014	2013
Profit for the period	1,267	1,361
Other comprehensive income, net of taxes		
Items that will not be reclassified to profit or loss		
- Defined benefit plan actuarial gains/ (losses)	23	3
Items that may be reclassified subsequently to profit or loss		
- Net change in fair value of cash flow hedges	(1)	(538)
- Net change in fair value of available-for-sale financial assets	47	(6)
Total other comprehensive income, net of taxes	<u>69</u>	<u>(541)</u>
Total comprehensive income for the period	<u>1,336</u>	<u>820</u>
Attributable to:		
Owners of the Company	1,336	820
Non-controlling interests	-	-
	<u>1,336</u>	<u>820</u>

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MINDTREE LIMITED AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Other components of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
						Cash flow hedging reserve	Other reserves			
Balance as at April 1, 2013	41,535,055	415	2,325	10,635	42	136	69	13,622	-	13,622
Issue of equity shares on exercise of options/ restricted shares	29,032	1	19	-	-	-	-	20	-	20
Profit for the period	-	-	-	1,361	-	-	-	1,361	-	1,361
Other comprehensive income	-	-	-	-	-	(538)	(4)	(542)	-	(542)
Compensation cost related to employee share based payment transaction	-	-	-	-	(8)	-	-	(8)	-	(8)
Cash dividend paid (including dividend tax thereon)	-	-	-	(194)	-	-	-	(194)	-	(194)
Others	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2013	41,564,087	416	2,344	11,802	34	(402)	65	14,259	-	14,259
Balance as at April 1, 2013	41,535,055	415	2,325	10,635	42	136	69	13,622	-	13,622
Issue of equity shares on exercise of options/ restricted shares	154,676	2	104	-	-	-	-	106	-	106
Profit for the year	-	-	-	4,519	-	-	-	4,519	-	4,519
Other comprehensive income	-	-	-	-	-	(97)	77	(20)	-	(20)
Compensation cost related to employee share based payment transaction	-	-	-	-	(8)	-	-	(8)	-	(8)
Cash dividend paid (including dividend tax thereon)	-	-	-	(924)	-	-	-	(924)	-	(924)
As at March 31, 2014	41,689,731	417	2,429	14,230	34	39	146	17,295	-	17,295
Balance as at April 1, 2014	41,689,731	417	2,429	14,230	34	39	146	17,295	-	17,295
Issue of equity shares on exercise of options/ restricted shares	100,298	1	60	-	-	-	-	61	-	61
Issue of Bonus shares	41,765,661	418	-	-	-	-	-	418	-	418
Amount utilised for bonus shares	-	-	(418)	-	-	-	-	(418)	-	(418)
Profit for the period	-	-	-	1,267	-	-	-	1,267	-	1,267
Other comprehensive income	-	-	-	-	-	(1)	70	69	-	69
Compensation cost related to employee share based payment transaction	-	-	-	-	-	-	-	-	-	-
Cash dividend paid (including dividend tax thereon)	-	-	-	(244)	-	-	-	(244)	-	(244)
As at June 30, 2014	83,555,690	836	2,071	15,253	34	38	216	18,448	-	18,448

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements

MINDTREE LIMITED AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Rupees in millions, except share data)

Three months ended June 30,

	2014	2013
Cash flow from operating activities		
Profit for the period	1,267	1,361
Adjustments for :		
Depreciation & amortisation	227	171
Amortization of stock compensation	95	2
Interest expense	1	2
Income tax expense	372	390
Interest / dividend income	(53)	(71)
Gain on sale of available-for-sale financial assets	(27)	(53)
Provision for diminution in the value of investments	-	3
Unrealised exchange difference on derivatives	10	-
Effect of exchange differences on translation of foreign currency borrowings	-	37
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(7)	(26)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(901)	(1,478)
Unbilled revenues	132	(45)
Other assets	(26)	(72)
Trade payables and accrued expenses	151	(140)
Unearned revenues	31	21
Other liabilities	(389)	(185)
Net cash provided by operating activities before taxes	883	(83)
Income taxes paid	(248)	(182)
Net cash provided by/ (used in) operating activities	635	(265)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(440)	(437)
Interest /dividend received from available-for-sale financial assets	33	49
Investments in available-for-sale financial assets	(2,477)	(2,570)
Redemption of available-for-sale financial assets	2,453	2,773
Net cash used in investing activities	(431)	(185)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	36	11
Interest paid on loans	(1)	(3)
Proceeds from short-term borrowings	-	564
Repayment of loans and borrowings	-	(229)
Dividends paid (including distribution tax)	(244)	(194)
Net cash (used in)/ provided by financing activities	(209)	149
Effect of exchange differences on translation of foreign currency cash and cash equivalents	7	26
Net (decrease)/ increase in cash and cash equivalents	2	(275)
Cash and cash equivalents at the beginning of the period	1,100	1,116
Cash and cash equivalents at the end of the period (Note 8)	1,102	841

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Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

1. Company overview

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiary Mindtree Software (Shanghai) Co. Ltd, collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into five verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Hitech and Media Services (HTMS), Travel & Hospitality (TH) and Others. The Group offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India and has offices in United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium, France, Ireland, and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. These unaudited condensed consolidated interim financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on July 17, 2014.

2. Basis of preparation of financial statements

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements as at and for the period ended June 30, 2014 have been prepared in accordance with the International Financial Reporting Standards and its interpretations ("IFRS") issued by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS 34), "Interim Financial Reporting".

These do not include all of the information required for full annual financial statements and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes included in the Company's annual report for the year ended March 31, 2014. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last unaudited annual consolidated financial statements as at and for the year ended March 31, 2014.

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

(c) Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant IFRS:

- i. Derivative financial instruments; and
- ii. Available-for-sale financial assets; and
- iii. Share based payment transactions
- iv. Employee benefits

(d) Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in Indian rupees, which is the functional currency of the parent company and its subsidiary which is the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest million.

(e) Use of estimates and judgement

The preparation of unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unaudited consolidated financial statements as at and for the year ended March 31, 2014.

3. Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's unaudited consolidated financial statements as at and for the year end March 31, 2014. The following changes in accounting policies are also expected to be reflected in the Group's condensed consolidated interim financial statements as at and for the period ending June 30, 2014.

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of April 1, 2014.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities*
- IFRIC 21 Levies*
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets*
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

* The adoption of these standards does did not have any impact on the unaudited consolidated financial statement of the group.

New standards and interpretations not yet adopted

- a) **IFRS 9 Financial Instruments:** In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held-to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. The IASB in February 2014 has tentatively decided that this standard would be mandatory effective for the years ending on or after 31 December 2018. The Company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

Mindtree Limited and Subsidiary

Notes to the unaudited condensed consolidated interim financial statements

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

- b) IFRS 15 Revenue from Contracts with Customers:** In May 2014, the International Accounting Standards Board issued IFRS 15, Revenue from Contracts with Customers.

The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The new standard applies to contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions - and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The company is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the consolidated financial statements.

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

4. Property, plant and equipment

Particulars	Land	Building	Computer systems	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2013	97	1,626	1,297	2,291	2	5,313
Additions	-	-	180	295	-	475
Disposal/adjustments	-	-	28	2	-	30
As at June 30, 2013	97	1,626	1,449	2,584	2	5,758
Accumulated depreciation/impairment:						
As at April 1, 2013	5	289	1,014	1,756	2	3,066
Depreciation	-	14	56	82	-	152
Disposal/adjustments	-	-	28	2	-	30
As at June 30, 2013	5	303	1,042	1,836	2	3,188
Capital work-in-progress						504
Net carrying value as at June 30, 2013	92	1,323	407	748	-	3,074
Gross carrying value:						
As at April 1, 2013	97	1,626	1,297	2,291	2	5,313
Additions	-	285	483	691	1	1,460
Disposal/adjustments	-	-	209	5	1	215
As at March 31, 2014	97	1,911	1,571	2,977	2	6,558
Accumulated depreciation/impairment:						
As at April 1, 2013	5	289	1,014	1,756	2	3,066
Depreciation	1	59	276	327	-	663
Disposal/adjustments	-	-	208	5	1	214
As at March 31, 2014	6	348	1,082	2,078	1	3,515
Capital work-in-progress						496
Net carrying value as at March 31, 2014	91	1,563	489	899	1	3,539
Gross carrying value:						
As at April 1, 2014	97	1,911	1,571	2,977	2	6,558
Additions	-	-	92	10	-	102
Disposal/adjustments	-	-	1	-	-	1
As at June 30, 2014	97	1,911	1,662	2,987	2	6,659
Accumulated depreciation/impairment:						
As at April 1, 2014	6	348	1,082	2,078	1	3,515
Depreciation	-	16	85	85	-	186
Disposal/adjustments	-	-	1	-	-	1
As at June 30, 2014	6	364	1,166	2,163	1	3,700
Capital work-in-progress						772
Net carrying value as at June 30, 2014	91	1,547	496	824	1	3,731

The depreciation expense for the period ended June 30, 2014 and June 30, 2013 is included in the following line items in the statement of income.

Particulars	Three month ended June 30,	
	2014	2013
Cost of revenues	170	138
Selling, general and administrative expenses	16	14
Total	186	152

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

5. Intangible assets

Particulars	Intellectual property	Computer software	Total
Gross carrying value:			
As at April 1, 2013	67	699	766
Additions	-	3	3
Disposal/adjustments	-	-	-
As at June 30, 2013	67	702	769
Accumulated amortisation/impairment:			
As at April 1, 2013	39	623	662
Amortisation	3	16	19
Disposal/adjustments	-	-	-
As at June 30, 2013	42	639	681
Net carrying value as at June 30, 2013	25	63	88
Gross carrying value:			
As at April 1, 2013	67	699	766
Additions	-	196	196
Disposal/adjustments	-	3	3
As at March 31, 2014	67	892	959
Accumulated amortisation/impairment:			
As at April 1, 2013	39	623	662
Amortisation	13	115	128
Disposal/adjustments	-	3	3
As at March 31, 2014	52	735	787
Net carrying value as at March 31, 2014	15	157	172
Gross carrying value:			
As at April 1, 2014	67	892	959
Additions	-	12	12
Disposal/adjustments	-	-	-
As at June 30, 2014	67	904	971
Accumulated amortisation/impairment:			
As at April 1, 2014	52	735	787
Amortisation	3	37	40
Disposal/adjustments	-	-	-
As at June 30, 2014	55	772	827
Net carrying value as at June 30, 2014	12	132	144

The amortisation expense for the period ended June 30, 2014 and June 30, 2013 is included in the following line items in the statement of income.

Particulars	Three month ended June 30,	
	2014	2013
Cost of revenues	36	18
Selling, general and administrative expenses	4	1
Total	40	19

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
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6. Available-for-sale financial assets

Investments in liquid and short term mutual fund units and unlisted equity securities are classified as available-for-sale financial assets.

Cost and fair value of investments in liquid and short term mutual fund units and unlisted equity securities are as follows:

Particulars	As at June 30, 2014	As at March 31, 2014
Non-current		
Investment in unlisted equity securities and mutual funds		
Cost	8	177
Gross unrealised holding gains	3	4
Fair value	11	181
Current		
Investment in liquid and short term mutual funds		
Cost	4,981	4,757
Gross unrealised holding gains	211	155
Fair value	5,192	4,912
Total available-for-sale financial assets	5,203	5,093

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 18 and Rs 7 for the period ending June 30, 2014 and June 30, 2013 respectively.

7. Trade receivables

Particulars	As at June 30, 2014	As at March 31, 2014
Trade receivables	7,030	6,140
Allowance for doubtful accounts receivable	(125)	(136)
Total	6,905	6,004

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
(Rupees in millions, except share and per share data, unless otherwise stated)

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at June 30, 2014	As at March 31, 2014
Cash balances	-	-
Current and time deposits with banks #	1,214	1,185
Cash and cash equivalents on statement of financial position	1,214	1,185
Book overdrafts used for cash management purposes	(112)	(85)
Cash and cash equivalents in the cash flow statement	1,102	1,100

#Balance with banks amounting to Rs 6 and Rs 5 as of June 30, 2014 and March 31, 2014 included above represents amount pledged with statutory and other authorities as margin money and unpaid dividends and are therefore restricted.

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

9. Other assets

Particulars	As at June 30, 2014	As at March 31, 2014
Non-current		
Capital advances	147	136
Security deposits	589	564
Prepaid expenses	186	186
Others	84	127
	1,006	1,013
Current		
Interest bearing deposits with corporates	400	400
Prepaid expenses	477	443
Advance to employees	238	256
Advance to suppliers	214	196
Interest accrued and not due	34	24
Deposits	198	200
Gratuity - excess of plan assets over obligations	6	-
Others	157	151
	1,724	1,670
Total	2,730	2,683

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
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10. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at June 30, 2014	As at March 31, 2014
Non-current		
Unsecured long-term loan	16	21
	16	21
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Bank overdraft	112	85
	117	90
Total	133	111

Unsecured 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 the Company 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.

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
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11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at June 30, 2014	As at March 31, 2014
Trade payables	316	257
Accrued expenses	650	558
Total	966	815

12. Other liabilities and provisions

Particulars	As at June 30, 2014	As at March 31, 2014
Non-current		
Employee related liabilities	88	32
Others	108	102
Total	196	134
Current		
Advances from customers	97	103
Employee and other liabilities	787	1,255
Statutory dues payable	229	284
Other liabilities	122	131
Total	1,235	1,773
Non-current		
Provisions		
Provision for discount	48	39
Total	48	39
Current		
Provisions		
Provision for discount	316	231
Provision for post contract support services	5	4
Others	67	66
Total	388	301

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
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Non-current

Provision for discount

Provision for discount are for volume discounts and pricing incentives to customers accounted for by reducing the amount of revenue recognized at the time of sale.

Particulars	Three months ended June 30,	
	2014	2013
Balance as at beginning of the period	39	-
Provisions made during the period	9	-
Utilisations during the period	-	-
Released during the period	-	-
Provision as at the end of the period	48	-

Current

Provision for discount

Particulars	Three months ended June 30,	
	2014	2013
Balance as at beginning of the period	231	109
Provisions made during the period	92	42
Utilisations during the period	(7)	(15)
Provision as at the end of the period	316	136

Mindtree Limited and Subsidiary
Notes to the unaudited condensed consolidated interim financial statements
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Provision for post contract support services

Provision for post contract support services represents cost associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized within a period of 1 year

Particulars	Three months ended June 30,	
	2014	2013
Balance as at beginning of the period	4	3
Provision made during the period	1	1
Provision as at the end of the period	5	4

Other provisions

Other provisions primarily represent provision for tax related contingencies and litigations. The timing of cash flows in respect of these provisions cannot be reasonably determined.

Particulars	Three months ended June 30,	
	2014	2013
Balance as at beginning of the period	66	57
Provisions made during the period	1	1
Provision as at the end of the period	67	58

13. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at	As at
	June 30, 2014	March 31, 2014
Gratuity	-	2
Compensated absences	340	320
Total	340	322

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14. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at June 30, 2014 and March 31, 2014 is as follows:

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade Receivables	-	6,905	-	-	6,905	6,905
Unbilled Revenue	-	882	-	-	882	882
Available-for-sale financial assets	-	-	5,203	-	5,203	5,203
Cash and cash equivalents	-	1,214	-	-	1,214	1,214
Derivative assets	58	-	-	-	58	58
Other assets	-	1,544	-	-	1,544	1,544
Total assets	58	10,545	5,203	-	15,806	15,806
Liabilities						
Loans and borrowings	-	-	-	134	134	134
Trade payables and accrued expenses	-	-	-	966	966	966
Derivative Liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	1,220	1,220	1,220
Total liabilities	-	-	-	2,320	2,320	2,320
Assets						
Trade Receivables	-	6,004	-	-	6,004	6,004
Unbilled Revenue	-	1,014	-	-	1,014	1,014
Available-for-sale financial assets	-	-	5,093	-	5,093	5,093
Cash and cash equivalents	-	1,185	-	-	1,185	1,185
Derivative assets	93	-	-	-	93	93
Other assets	-	1,446	-	-	1,446	1,446
Total assets	93	9,648	5,093	-	14,834	14,834
Liabilities						
Loans and borrowings	-	-	-	111	111	111
Trade payables and accrued expenses	-	-	-	815	815	815
Derivative Liabilities	44	-	-	-	44	44
Other liabilities	-	-	-	1,610	1,610	1,610
Total liabilities	44	-	-	2,536	2,580	2,580

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Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of June 30, 2014 and March 31, 2014:

Particulars	As of June 30, 2014	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset-Investments in mutual fund units	5,192	5,192		
Available-for-sale financial asset-Investments in unlisted equity securities	11			11
Derivatives financial instruments-gain on outstanding foreign exchange forward and option	58		58	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	-		-	

Particulars	As of March 31, 2014	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset-Investments in mutual fund units	4,912	4,912		
Available-for-sale financial asset-Investments in unlisted equity securities	181	170		11
Derivatives financial instruments-gain on outstanding foreign exchange forward and option	93		93	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	44		44	

There have been no transfers between level 1, level 2 and level 3 for the period ended June 30, 2014.

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A reconciliation of changes in the fair value measurement of investments in unlisted securities in level 3 of the fair value hierarchy is given below:

Particulars	As at June 30,	As at March 31,
	2014	2014
Balance at the beginning of the year	11	11
Add: investments in mutual funds during the year	-	-
Add: total gain recognised in other comprehensive income	-	-
Balance at the end of the year	11	11

Income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

Particulars	Three months ended	
	June 30, 2014	June 30, 2013
Income from available-for-sale financial assets	57	96
Interest income on deposits	22	29
Interest expense	(1)	(2)

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/liabilities and forecasted cash flows denominated in foreign currency. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Particulars	As at June 30,	As at March 31,
	2014	2014
Designated derivative instruments (Sell)		
In US \$	7	48
In Euro	1	5
Non-designated derivative instruments (Sell)		
In US \$	21	-
In Euro	3	-
In GBP	2	-

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The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	Three months ended June 30,	
	2014	2013
Balance at the beginning of the period	49	173
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	(12)	(112)
Changes in fair value of effective portion of derivatives	10	(572)
Balance at the end of the period	47	(511)

15. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Three months ended June 30,	
	2014	2013
Current taxes		
Domestic	350	369
Foreign	40	32
Total	390	401
Deferred taxes		
Domestic	(16)	(7)
Foreign	(2)	(4)
Total	(18)	(11)
Grand total	372	390

Income tax expense has been allocated as follows:

Particulars	Three months ended June 30,	
	2014	2013
Income tax expense as per the statement of income	372	390
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	23	(2)
- gains/(losses) on cash flow hedging derivatives	(1)	(147)
- actuarial gains/ (losses) on defined benefit plans	48	1
	70	(148)
Total	442	242

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16. Expenses by nature

Particulars	Three month ended June 30,	
	2014	2013
Employee benefits	4,865	3,793
Depreciation and amortisation charges	226	171
Recruitment, staff welfare and training expenses	100	112
Travel and conveyance	515	401
Communication expenses	88	83
Sub-contractor charges/Outsourced technical services/software purchases	489	285
Consumables/maintenance and repairs	139	123
Post contract support services	-	1
Power and fuel	78	69
Lease rentals/charges	192	188
Printing and stationery	3	6
Advertisement	(1)	7
Bank charges	3	3
Rates, taxes and insurance	31	20
Marketing expenses	64	31
Legal and professional expenses	122	106
Provision for doubtful accounts receivable	(11)	12
Others	77	35
Total cost of revenues, selling, general and administrative expenses	6,980	5,446

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17. Employee benefits

a) Employee costs include

Particulars	Three month ended June 30,	
	2014	2013
Salary and allowances	4,395	3,476
Defined benefit plan - Gratuity cost	20	28
Contribution to provident and other funds	355	287
Share based compensation	95	2
Total	4,865	3,793

The employee benefit cost is recognized in the following line items in the statement of income:

Particulars	Three month ended June 30,	
	2014	2013
Cost of revenues	4,014	3,216
Selling, general and administrative expenses	851	577
Total	4,865	3,793

18. Finance and other income

Particulars	Three month ended June 30,	
	2014	2013
Interest income	22	29
Gain on sale of available-for-sale financial assets	27	53
Dividend income	30	43
Others	2	1
Total	81	126

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19. Earnings per equity share

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

Particulars	Three months ended June 30, 2014		Three months ended June 30, 2013*	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	83,484,436	83,484,436	83,089,978	83,089,978
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	401,708	-	596,180
Weighted average number of equity shares for calculation of earnings per share	83,484,436	83,886,144	83,089,978	83,686,158

*In accordance with IAS 33 on 'Earnings Per Share', basic and diluted earnings per share is adjusted for 1:1 bonus issue for previous period presented.

20. Operating leases

The Company has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the period ended June 30, 2014 and June 30, 2013 was Rs 84 and Rs 72 respectively.

Future minimum lease payments under non-cancelable operating lease as at June 30, 2014 is as below:

Minimum lease payments	As at June 30, 2014	As at March 31, 2014
Payable – Not later than one year	369	278
Payable – Later than one year and not later than five years	740	515
Payable – Later than five years	188	191

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancellable operating lease during the period ended June 30, 2014 and June 30, 2013 was Rs 71 and Rs 70 respectively.

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21. Related party relationships and transactions

Name of the subsidiary	Country of incorporation	Proportion of interest
Mindtree Software (Shanghai) Co. Ltd.	Republic of China	100%

Name of related party	Nature of relationship
Mindtree Foundation	Entity with common key management personnel
Janaagraha Centre for Citizenship & Democracy	Entity with common key management personnel
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.8% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Tanglin Developments Limited ('TDL')	

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Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	Three months ended June 30,	
		2014	2013
Mindtree Software (Shanghai) Co., Ltd	Reimbursement of operating expenses	4	-
Mindtree Foundation	Donation paid	13	-
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	4	3
Tanglin Developments Limited	Leasing office buildings and land	80	92
	Advances/ deposits paid		
	- towards electricity deposit/ charges	9	-
	- towards lease rentals	-	-
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	15	12
	- towards lease rentals	31	38
	Interest on advance towards electricity charges/ deposit	4	3

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Balances payable to related parties are as follows:

Name of related party	As at June 30, 2014	As at March 31, 2014
Amalgamated Bean Coffee Trading Company Limited	1	-
Tanglin Developments Limited	1	-

Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at June 30, 2014	As at March 31, 2014
Tanglin Developments Limited	Rental Advance		
	- Current	126	126
	- Non-current	63	94
	Advance towards electricity charges		
	- Current	48	48
	- Non-current	4	16
	Security deposit (including electricity deposit) returnable on termination of lease	405	399
	Interest accrued on advance towards electricity charges	4	3

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Key Managerial Personnel:

Subroto Bagchi	Executive Chairman
Krishnakumar Natarajan	CEO & Managing Director
S. Janakiraman	Executive Director, President and Chief Technology Officer
N.S. Parthasarathy	Executive Director, President and Chief Operating Officer
Dr. Albert Hieronimus	Independent Director and Non-Executive Vice Chairman
V.G.Siddhartha	Non-Executive Director
Prof. David B. Yoffie	Independent Director
Prof. Pankaj Chandra	Independent Director
Ramesh Ramanathan	Independent Director
Apurva Purohit	Independent Director
Rostow Ravanan*	Chief Financial Officer and Executive Director
Manisha Girotra*	Independent Director
Rajesh Srichand Narang	Vice President - Legal and Company Secretary

*The Board of Directors at its meeting dated May 20, 2014, appointed Ms. Manisha Girotra as an Independent Director and Mr. Rostow Ravanan as an Executive Director, effective May 20, 2014.

Transactions with key management personnel are as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the period ended June 30, 2014 and June 30, 2013 have been detailed below:

Particulars	Three months ended June 30,	
	2014	2013
Whole-time directors		
Salaries	10	9
Contribution to Provident fund	-	-
Bonus & Incentives	12	10
Reimbursement of expenses	1	2
Share-Based payments as per IFRS2	66	-
Total Remuneration	89	21
Non-whole-time directors		
Commission	17	8
Total Remuneration	106	29

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

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22. Segment information

The CEO & MD of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8 Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers.

The Company is structured into five reportable business segments – RCM, BFSI, HTMS, TH and Others. During the period, the Company has classified results of Media services to HTMS. The results were previously classified with TH segment. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies.

Geographic segmentation is based on business sources from that geographic region and delivered from both on-site and off-shore. America comprises of United States of America and Canada, Europe includes continental Europe and United Kingdom; and the rest of the world comprises of all other places except those mentioned above and India.

Income and direct expenses in relation to segments are categorized 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 management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" 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.

Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognized.

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Industry Segments:

Statement of income	Three months ended June 30,	
	2014	2013
Segment revenue		
RCM	1,785	1,353
BFSI	1,898	1,468
HTMS	2,745	2,181*
TH	1,378	955*
Others	596	499
Total	8,402	6,456
Segment operating income		
RCM	310	262
BFSI	193	41
HTMS	631	590*
TH	261	101*
Others	254	187
Total	1,649	1,181
Unallocable expenses	(227)	(171)
Profit for the period before interest, other income and tax	1,422	1,010
Interest expense	(1)	(2)
Other income/ (expense)	218	743
Net profit before taxes	1,639	1,751
Income taxes	(372)	(390)
Net profit after taxes	1,267	1,361

* Restated on account of movement of Media services from TH to HTMS.

Geographical segments

Revenues	Three months ended June 30,	
	2014	2013
America	4,961	3,723
Europe	2,260	1,778
India	296	373
Rest of World	885	582
Total	8,402	6,456

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23. Contingent liabilities

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at June 30, 2014 is Rs 797 (March 31, 2014: Rs 854).
- 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 6,490 (March 31, 2014: Rs 5,683).
- c) The Company has received an income tax assessment for the financial year 2008-09 wherein demand of Rs 24 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 and disallowance of portion of profit earned outside India from the STP and SEZ units.

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

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

- d) The Company has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 on account of certain disallowances/adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.

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- e) The Company has received income tax assessments under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 91, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 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 has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Company has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 363 against these demands

The Company received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) accepted the Company's contentions and quashed the demand raised. The Income tax department appealed against the above mentioned order with ITAT. ITAT, in an earlier year passed an order setting aside both the orders of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and remanded the matter back to the Assessing Officer for re-assessment. The Company preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. The Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before Assessing Officer for re-assessment.

During the period, the company has received order from the Commissioner of Income Tax (Appeals) for the year 2004-05 and on the unfavorable grounds, the Company has a filed an appeal with ITAT,Bangalore

The Company has appealed against the demands received for financial years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. Based on favourable order received by the 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 received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received.

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

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- g) The Company has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).
24. During the period ended June 30, 2014, 33,830 shares were granted by the Company under Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012').

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the quarter was Rs 802 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	Rs 814
Weighted average exercise price	Rs 10
Dividend yield %	0.31%
Expected life	1-2 years
Risk free interest rate	8.59%
Volatility	108.89%

25. The Company has allotted 41,765,661 fully paid up equity shares pursuant to 1:1 bonus share issue approved by shareholders. Consequently, options/ units granted under the various employee share based plans are adjusted for bonus share issue.
26. The amount of per share dividend recognized as distributions to equity shareholders for the period ended June 30, 2014 was Rs 5 per equity share of par value Rs 10 each. The resultant cash outflow was Rs 244 inclusive of corporate dividend tax of Rs 35.