

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

		(Rupees in millions, except share data)	
	Note	As at December 31, 2013	As at March 31, 2013 Restated*
Assets			
Property, plant and equipment	4	3,434	2,818
Intangible assets	5	160	104
Available-for-sale financial assets	6	11	235
Deferred tax assets		604	470
Non-current tax assets		807	846
Other non-current assets	9	923	851
Total non-current assets		5,939	5,324
Trade receivables	7	6,186	4,508
Other current assets	9	1,400	1,348
Unbilled revenues		583	637
Available-for-sale financial assets	6	4,598	3,710
Derivative assets		13	181
Cash and cash equivalents	8	1,641	1,252
Total current assets		14,421	11,636
Total assets		20,360	16,960
Equity			
Share capital		416	415
Share premium		2,384	2,325
Retained earnings		13,485	10,635
Other components of equity		(150)	247
Equity attributable to owners of the company		16,135	13,622
Non-controlling interests		-	-
Total equity		16,135	13,622
Liabilities			
Loans and borrowings	10	20	24
Other non-current liabilities	12	137	63
Provisions	12	30	-
Total non-current liabilities		187	87
Loans and borrowings and book overdraft	10	74	358
Trade payables and accrued expenses	11	877	850
Unearned revenue		182	36
Current tax liabilities		272	199
Derivative liabilities		389	13
Employee benefit obligations	13	376	273
Other current liabilities	12	1,570	1,317
Provisions	12	298	205
Total current liabilities		4,038	3,251
Total liabilities		4,225	3,338
Total equity and liabilities		20,360	16,960

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

*Refer note 23

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

		(Rupees in millions, except share data)			
	Note	Three months ended December 31,		Nine months ended December 31,	
		2013	2012	2013	2012
Revenues		7,866	5,877	21,990	17,428
Cost of revenues	16	(4,972)	(3,738)	(13,964)	(11,050)
Gross profit		2,894	2,139	8,026	6,378
Selling, general and administrative expenses	16	(1,573)	(1,140)	(4,301)	(3,285)
Results from operating activities		1,321	999	3,725	3,093
Foreign exchange gain/ (loss)		(276)	141	545	(188)
Finance expenses		(2)	(2)	(6)	(10)
Finance and other income	18	93	77	275	220
Profit before tax		1,136	1,215	4,539	3,115
Income tax expense	15	(258)	(275)	(1,008)	(628)
Profit for the period		878	940	3,531	2,487
Attributable to:					
Owners of the Company		878	940	3,531	2,487
Non-controlling interests		-	-	-	-
Earnings per equity share:	19	878	940	3,531	2,487
Basic		21.13	22.89	84.96	60.91
Diluted		20.95	22.63	84.35	60.09
Weighted average number of equity shares used in computing earnings per equity share:					
Basic		41,597,756	41,050,705	41,570,844	40,824,138
Diluted		41,951,509	41,526,731	41,869,805	41,380,000

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

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

	Note	Three months ended December 31,		(Rupees in millions, except share data) Nine months ended December 31,	
		2013	2012	2013	2012
Profit for the period		878	940	3,531	2,487
Other comprehensive income, net of taxes					
Items that will not be reclassified to profit or loss					
- Defined benefit plan actuarial gains/ (losses)		1	-	2	-
Items that may be reclassified subsequently to profit or loss					
- Net change in fair value of cash flow hedges		355	(108)	(437)	170
- Net change in fair value of available-for-sale financial assets		28	12	45	52
Total other comprehensive income, net of taxes		384	(96)	(390)	222
Total comprehensive income for the period		1,262	844	3,141	2,709
Attributable to:					
Owners of the Company		1,262	844	3,141	2,709
Non-controlling interests		-	-	-	-
		1,262	844	3,141	2,709

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

MINDTREE LIMITED AND SUBSIDIARIES
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, 2012	40,543,923	405	1,876	7,632	4	(219)	49	9,747	-	9,747
Issue of equity shares on exercise of options/ restricted shares	664,698	7	290	-	-	-	-	297	-	297
Profit for the period	-	-	-	2,487	-	-	-	2,487	-	2,487
Other comprehensive income	-	-	-	-	-	170	52	222	-	222
Compensation cost related to employee share based payment transaction	-	-	-	-	34	-	-	34	-	34
Cash dividend paid (including dividend tax thereon)	-	-	-	(214)	-	-	-	(214)	-	(214)
Balance as at December 31, 2012	41,208,621	412	2,166	9,905	38	(49)	101	12,573	-	12,573
Balance as at April 1, 2012	40,543,923	405	1,876	7,632	4	(219)	49	9,747	-	9,747
Issue of equity shares on exercise of options/ restricted shares	991,132	10	449	-	-	-	-	459	-	459
Profit for the year	-	-	-	3,217	-	-	-	3,217	-	3,217
Other comprehensive income	-	-	-	-	-	355	20	375	-	375
Compensation cost related to employee share based payment transaction	-	-	-	-	38	-	-	38	-	38
Cash dividend paid (including dividend tax thereon)	-	-	-	(214)	-	-	-	(214)	-	(214)
As at March 31, 2013	41,535,055	415	2,325	10,635	42	136	69	13,622	-	13,622
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	91,137	1	59	-	-	-	-	60	-	60
Profit for the period	-	-	-	3,531	-	-	-	3,531	-	3,531
Other comprehensive income	-	-	-	-	-	(437)	47	(390)	-	(390)
Compensation cost related to employee share based payment transaction	-	-	-	-	(7)	-	-	(7)	-	(7)
Cash dividend paid (including dividend tax thereon)	-	-	-	(681)	-	-	-	(681)	-	(681)
As at December 31, 2013	41,626,192	416	2,384	13,485	35	(301)	116	16,135	-	16,135

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

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

(Rupees in millions, except share data)

Nine months ended December 31,

	2013	2012
Cash flow from operating activities		
Profit for the period	3,531	2,487
Adjustments for :		
Depreciation & amortisation	572	466
Amortization of stock compensation	64	111
Interest expense	6	10
Income tax expense	1,008	628
Interest / dividend income	(188)	(159)
Gain on sale of property, plant and equipment	(2)	(4)
Gain on sale of available-for-sale financial assets	(82)	(55)
Provision for diminution in the value of investments	2	-
Unrealised exchange difference on derivatives	-	(265)
Effect of exchange differences on translation of foreign currency borrowings	25	31
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(53)	(34)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(1,678)	(685)
Unbilled revenues	54	53
Other assets	(85)	(306)
Trade payables and accrued expenses	27	64
Unearned revenues	146	47
Other liabilities	443	299
Net cash provided by operating activities before taxes	3,790	2,688
Income taxes paid	(926)	(768)
Net cash provided by operating activities	2,864	1,920
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,188)	(661)
Proceeds from sale of property, plant and equipment	2	8
Interest /dividend received from available-for-sale financial assets	155	152
Inter-corporate deposits	-	(75)
Investments in available-for-sale financial assets	(8,459)	(7,527)
Redemption of available-for-sale financial assets	7,926	6,803
Net cash used in investing activities	(1,564)	(1,300)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	36	215
Interest paid on loans	(5)	(12)
Proceeds from working capital loans	564	719
Repayment of loans and borrowings	(811)	(941)
Dividends paid (including distribution tax)	(681)	(214)
Net cash used in financing activities	(897)	(233)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	53	34
Net (decrease)/ increase in cash and cash equivalents	456	421
Cash and cash equivalents at the beginning of the period	1,116	477
Cash and cash equivalents at the end of the period (Note 8)	1,572	898

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

Mindtree Limited and Subsidiaries

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 subsidiaries Mindtree Software (Shenzhen) Co. Ltd, and Mindtree Software (Shanghai) Co. Ltd, collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into five verticals – Manufacturing, Banking, Financial Services and Insurance, Hitech, Travel & transportation and others. The Group offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The 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, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, France, Malaysia 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 January 16, 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 December 31, 2013 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".

They 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, 2013. 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, 2013.

Mindtree Limited and Subsidiaries
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

(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 all its subsidiaries 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, 2013.

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 consolidated financial statements as at and for the year ended March 31, 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending March 31, 2014.

Mindtree Limited and Subsidiaries
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, 2013.

- IFRS 10 Consolidated Financial Statements (2011) (see (a))
- IFRS 13 Fair Value Measurement (see (b)) *
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (c))
- IAS 19 Employee Benefits (2011) (see (d))
- Annual Improvements to IFRS 2009–2011 Cycle *
- IFRS 11 Joint Arrangements *
- IFRS 12 Disclosure of interest in other entities *

The nature and the effect of the changes are further explained below.

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

(a) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances. In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at April 1, 2013. Such re-assessment did not have any impact on the unaudited condensed interim consolidated financial statements of the group.

(b) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures.

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

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

(c) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its condensed consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(d) Defined benefit plans

In the current period, the Company has applied IAS 19 (as revised in June 2011) Employee Benefits ('IAS 19R') and the related consequential amendments. IAS 19R has been applied retrospectively in accordance with transitional provisions. As a result, all actuarial gains or losses are immediately recognized in other comprehensive income and permanently excluded from profit or loss. Further, the profit or loss will no longer include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. The adoption of Revised IAS 19 did not have a material impact on the consolidated financial statements. Also, the comparative information has not been restated as the effect of the change in the accounting policy is not material on the consolidated interim financial statements.

Mindtree Limited and Subsidiaries

Notes to the unaudited condensed consolidated interim financial statements

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

New standards and interpretations not yet adopted

- a) **IFRS 9 Financial Instruments:** In November 2009, the International Accounting Standards Board issued IFRS9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS39. The effective date to adopt IFRS 9 is yet to be notified. IFRS 9 has fewer classification and measurement categories as compared to IAS39 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 Company is currently evaluating the requirements of IFRS9, and has not yet determined the impact on the consolidated interim financial statements.
- b) **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities:** In December 2011, the International Accounting Standards Board issued amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities. The amendments clarify that:
- an entity currently has a legally enforceable right to set-off if that right is:
 - not contingent on future event; and
 - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties;
 - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
 - eliminate or result in insignificant credit and liquidity risk; and
 - process receivables and payables in a single settlement process or cycle.

The Company is required to adopt amendments to IAS 32 by accounting year commencing April 1, 2014. The Company is currently evaluating the requirements of IAS 32 amendments and has not yet determined the impact on the consolidated interim financial statements

Mindtree Limited and Subsidiaries
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, 2012	97	1,626	1,044	2,062	2	4,831
Additions	-	-	145	166	-	311
Disposal/adjustments	-	-	6	33	-	39
As at December 31, 2012	97	1,626	1,183	2,195	2	5,103
Accumulated depreciation/impairment:						
As at April 1, 2012	4	232	885	1,463	2	2,586
Depreciation	1	42	97	245	-	385
Disposal/adjustments	-	-	5	30	-	35
As at December 31, 2012	5	274	977	1,678	2	2,936
Capital work-in-progress						282
Net carrying value as at December 31, 2012	92	1,352	206	517	-	2,449
Gross carrying value:						
As at April 1, 2012	97	1,626	1,044	2,062	2	4,831
Additions	-	-	258	262	-	520
Disposal/adjustments	-	-	5	33	-	38
As at March 31, 2013	97	1,626	1,297	2,291	2	5,313
Accumulated depreciation/impairment:						
As at April 1, 2012	4	232	885	1,463	2	2,586
Depreciation	1	57	134	323	-	515
Disposal/adjustments	-	-	5	30	-	35
As at March 31, 2013	5	289	1,014	1,756	2	3,066
Capital work-in-progress						571
Net carrying value as at March 31, 2013	92	1,337	283	535	-	2,818
Gross carrying value:						
As at April 1, 2013	97	1,626	1,297	2,291	2	5,313
Additions	-	285	409	612	1	1,307
Disposal/adjustments	-	-	111	5	1	117
As at December 31, 2013	97	1,911	1,595	2,898	2	6,503
Accumulated depreciation/impairment:						
As at April 1, 2013	5	289	1,014	1,756	2	3,066
Depreciation	1	43	198	242	-	484
Disposal/adjustments	-	-	110	5	1	116
As at December 31, 2013	6	332	1,102	1,993	1	3,434
Capital work-in-progress						365
Net carrying value as at December 31, 2013	91	1,579	493	905	1	3,434

The depreciation expense for the period ended December 31, 2013 and December 31, 2012 is included in the following line items in the statement of income.

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Cost of revenues	155	118	440	350
Selling, general and administrative expenses	16	12	44	35
Total	171	130	484	385

Mindtree Limited and Subsidiaries
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, 2012	67	594	661
Additions	-	97	97
Amortisation	-	1	1
As at December 31, 2012	67	690	757
Accumulated amortisation/impairment:			
As at April 1, 2012	25	536	561
Amortisation	10	71	81
As at December 31, 2012	35	607	642
Net carrying value as at December 31, 2012	32	83	115
Gross carrying value:			
As at April 1, 2012	67	594	661
Additions	-	106	106
Disposal/adjustments	-	1	1
As at March 31, 2013	67	699	766
Accumulated amortisation/impairment:			
As at April 1, 2012	25	536	561
Amortisation	14	87	101
As at March 31, 2013	39	623	662
Net carrying value as at March 31, 2013	28	76	104
Gross carrying value:			
As at April 1, 2013	67	699	766
Additions	-	145	145
As at December 31, 2013	67	844	911
Accumulated amortisation/impairment:			
As at April 1, 2013	39	623	662
Amortisation	10	79	89
As at December 31, 2013	49	702	751
Net carrying value as at December 31, 2013	18	142	160

The amortisation expense for the period ended December 31, 2013 and December 31, 2012 is included in the following line items in the statement of income.

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Cost of revenues	32	20	81	74
Selling, general and administrative expenses	3	1	8	7
Total	35	21	89	81

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

6. 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	
	December 31, 2013	March 31, 2013
Non-current		
Investment in unlisted equity securities and mutual funds		
Cost	8	231
Gross unrealised holding gains	3	4
Fair value	11	235
Current		
Investment in liquid and short term mutual funds		
Cost	4,465	3,628
Gross unrealised holding gains	133	82
Fair value	4,598	3,710
Total available-for-sale financial assets	4,609	3,945

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 71 and Rs 88 for the nine months ending December 31, 2013 and December 31, 2012 respectively.

7. Trade receivables

Particulars	As at	
	December 31, 2013	March 31, 2013
Trade receivables	6,327	4,554
Allowance for doubtful accounts receivable	(141)	(46)
Total	6,186	4,508

Mindtree Limited and Subsidiaries
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	As at
	December 31, 2013	March 31, 2013
Cash balances	-	-
Current and time deposits with banks #	1,641	1,252
Cash and cash equivalents on statement of financial position	1,641	1,252
Book overdrafts used for cash management purposes	(69)	(136)
Cash and cash equivalents in the cash flow statement	1,572	1,116

#Balance with banks amounting to Rs 5 and Rs 4 as of December 31, 2013 and March 31, 2013 included above represents amount pledged with statutory and other authorities as margin money and unpaid dividends and are therefore restricted.

9. Other assets

Particulars	As at	As at
	December 31, 2013	March 31, 2013
<i>Non-current</i>		
Capital advances	129	127
Security deposits	600	481
Prepaid expenses	177	179
Others	17	64
	923	851
<i>Current</i>		
Interest bearing deposits with corporates	400	400
Prepaid expenses	269	368
Advance to employees	279	207
Advance to suppliers	168	145
Interest accrued and not due	36	29
Deposits	167	115
Others	81	84
	1,400	1,348
Total	2,323	2,199

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

10. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at December 31, 2013	As at March 31, 2013
<i>Non-current</i>		
Unsecured long-term loan	20	24
	20	24
<i>Current</i>		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	-	217
Bank overdraft	69	136
	74	358
Total	94	382

11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at December 31, 2013	As at March 31, 2013
Trade payables	304	294
Accrued expenses	573	556
Total	877	850

Mindtree Limited and Subsidiaries**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****12. Other liabilities and provisions**

Particulars	As at December 31, 2013	As at March 31, 2013
Non-current		
Others	137	63
	137	63
Current		
Interest accrued but not due on borrowings	1	2
Advances from customers	70	42
Employee and other liabilities	1,099	1,023
Statutory dues payable	256	238
Other liabilities	144	12
	1,570	1,317
Total	1,707	1,380
Non-current		
Provisions		
Provision for discount	30	-
Total	30	-
Current		
Provisions		
Provision for discount	230	145
Provision for post contract support services	4	3
Others	64	57
Total	298	205

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.

Non-current

Provision for discount

Particulars	Nine months ended December 31,	
	2013	2012
Balance as at beginning of the period	-	-
Provisions made during the period	30	-
Utilisations during the period	-	-
Released during the period	-	-
Provision as at the end of the period	30	-

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Current

Provision for discount

Particulars	Nine months ended December 31,	
	2013	2012
Balance as at beginning of the period	145	109
Provisions made during the period	192	108
Utilisations during the period	(98)	(74)
Released during the period	(9)	-
Provision as at the end of the period	230	143

Provision for post contract support services

Particulars	Nine months ended December 31,	
	2013	2012
Balance as at beginning of the period	3	5
Provision made during the period	1	-
Provision as at the end of the period	4	5

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	Nine months ended December 31,	
	2013	2012
Balance as at beginning of the period	57	53
Provisions made during the period	7	8
Charged during the period	-	(4)
Provision as at the end of the period	64	57

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13. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at	As at
	December 31, 2013	March 31, 2013
Gratuity	57	11
Compensated absences	303	262
Stock appreciation rights	16	-
Total	376	273

14. 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	As at
	December 31, 2013	March 31, 2013
Designated derivative instruments (Sell)		
In US \$ millions	87	113
In Euro millions	9	11
Non-designated derivative instruments (Buy)		
In US \$ millions	-	4

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

Particulars	As at	As at
	December 31, 2013	December 31, 2012
Balance at the beginning of the period	173	(250)
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	(175)	232
Changes in fair value of effective portion of derivatives	(374)	(45)
Balance at the end of the period	(376)	(63)

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15. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Current taxes				
Domestic	238	214	964	486
Foreign	13	48	74	156
Total	251	262	1,038	642
Deferred taxes				
Domestic	6	14	(16)	(11)
Foreign	1	(1)	(14)	(3)
Total	7	13	(30)	(14)
Grand total	258	275	1,008	628

Income tax expense has been allocated as follows:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Income tax expense as per the statement of income	258	275	1,008	628
Income tax included in other comprehensive income on:				
- unrealised gains/(losses) on available-for-sale financial assets	7	3	10	19
- gains/(losses) on cash flow hedging derivatives	93	(30)	(112)	17
- actuarial gains/(losses) on defined benefit plan	1		1	-
	101	(27)	(101)	36
Total	359	248	907	664

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16. Expenses by nature

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Employee benefits	4,646	3,527	12,848	10,547
Depreciation and amortisation charges	206	151	573	466
Recruitment, staff welfare and training expenses	147	132	415	305
Travel and conveyance	359	240	1,122	673
Communication expenses	106	71	280	212
Sub-contractor charges/Outsourced technical services/software purchases	417	242	1,066	694
Consumables/maintenance and repairs	143	113	400	322
Post contract support services	(1)	-	-	-
Power and fuel	59	51	193	159
Lease rentals/charges	175	139	545	422
Printing and stationery	4	3	14	12
Advertisement	6	1	20	4
Bank charges	2	3	8	8
Rates, taxes and insurance	37	23	82	67
Marketing expenses	58	61	135	165
Legal and professional expenses	92	78	315	191
Provision for doubtful accounts receivable	24	-	93	8
Others	65	43	156	80
Total cost of revenues, selling, general and administrative expenses	6,545	4,878	18,265	14,335

17. Employee benefits

a) Employee costs include

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Salary and allowances	4,226	3,213	11,761	9,616
Defined benefit plan - Gratuity cost	38	8	78	45
Contribution to provident and other funds	337	261	945	775
Share based compensation	45	45	64	111
Total	4,646	3,527	12,848	10,547

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Cost of revenues	3,840	2,999	10,766	8,925
Selling, general and administrative expenses	806	528	2,082	1,622
Total	4,646	3,527	12,848	10,547

Mindtree Limited and Subsidiaries

Notes to the unaudited condensed consolidated interim financial statements

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

18. Finance and other income

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Interest income	23	23	77	69
Gain on sale of available-for-sale financial assets	25	14	82	55
Gain on sale of property, plant and equipment	2	1	2	5
Dividend income	41	39	110	90
Others	2	-	4	1
Total	93	77	275	220

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 December 31, 2013		Three months ended December 31, 2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	41,597,756	41,597,756	41,050,705	41,050,705
Weighted average number of equity shares resulting from assumed exercise of employee stock options		353,753		476,026
Weighted average number of equity shares for calculation of earnings per share	41,597,756	41,951,509	41,050,705	41,526,731

Particulars	Nine months ended December 31, 2013		Nine months ended December 31, 2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	41,570,844	41,570,844	40,824,138	40,824,138
Weighted average number of equity shares resulting from assumed exercise of employee stock options		298,961		555,862
Weighted average number of equity shares for calculation of earnings per share	41,570,844	41,869,805	40,824,138	41,380,000

Mindtree Limited and Subsidiaries**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****20. Related party relationships and transactions**

Name of related party	Nature of relationship
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')	

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	Three months December 31,	
		2013	2012
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	5	5
Tanglin Developments Limited	Leasing office buildings and land	89	66
	Advance paid:		
	- towards electricity deposit/ charges	-	100
	- towards lease rentals	150	-
	Advance received back:		
	- towards electricity deposit/ charges	12	100
	- towards lease rentals	150	38
	Interest on advance towards electricity charges	3	-

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

Name of related party	Nature of transaction	Nine months ended December 31,	
		2013	2012
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	12	10
Tanglin Developments Limited	Leasing office buildings and land	326	223
	Advance paid:		
	- towards electricity deposit/ charges	3	100
	- towards lease rentals	205	-
	Advance received back:		
	- towards electricity deposit/ charges	36	100
	- towards lease rentals	226	78
	Interest on advance towards electricity charges	9	-

Balances payable to related parties are as follows:

Name of related party	As at	As at
	December 31, 2013	March 31, 2013
Tanglin Developments Limited	14	9
Amalgamated Bean Coffee Trading Company Limited	1	-

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Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at December 31, 2013	As at March 31, 2013
Tanglin Developments Limited	Rental advance		
	- Current	10	112
	- Non-current	-	-
	Advance towards electricity charges		
	- Current	48	48
	- Non-current	28	64
	Security deposit returnable on termination of lease	403	345
	Interest accrued on advance towards electricity charges	12	3

Key management personnel:

Subroto Bagchi	Chairman
Dr. Albert Hieronimus	Independent Director and Non-executive Vice Chairman
Krishnakumar Natarajan	CEO & Managing Director
S. Janakiraman	Executive Director, President and Chief Technology Officer
N S Parthasarathy	President, Chief Operating Officer & Alternate Director to Mr. S. Janakiraman
R. Srinivasan*	-
V.G.Siddhartha	Non-executive Director
David B. Yoffie	Independent Director
Prof. Pankaj Chandra	Independent Director
Ramesh Ramanathan	Independent Director
Anjan Lahiri**	-

*R Srinivasan retired with effect from July 19, 2013.

**Anjan Lahiri resigned with effect from May 6, 2013.

Mindtree Limited and Subsidiaries
Notes to the unaudited condensed consolidated interim financial statements
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The Board of Directors appointed Apurva Purohit as an Independent Director and N S Parthasarathy as an Executive Director, effective January 1, 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 December 31, 2013 and December 31, 2012 have been detailed below:

Particulars	Three months ended		Nine months ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Whole-time directors				
Salaries	6	8	23	16
Contribution to Provident fund	-	-	1	1
Bonus & Incentives	14	10	33	25
Reimbursement of expenses	1	-	4	2
Share-Based payments as per IFRS2	23	1	31	-
Total Remuneration	44	19	92	44
Non-whole-time directors				
Commission	7	6	21	22
Total Remuneration	7	6	21	22

21. 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.

Effective April 1, 2013, the Group has restructured its organisational and management structure to be better aligned to market needs. Pursuant to such re-organization, the Group has identified Manufacturing, BFSI, Hitech, Travel and Transportation and Others as its reportable business segments in line with the segment wise information which is being presented to the CODM. Accordingly, comparatives are also presented in accordance with new segment reporting.

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.

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

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.

Industry Segments:

Statement of income	Three months ended December 31,	
	2013	2012
Segment revenue		
Manufacturing	1,700	1,116
BFSI	1,845	1,334
Hitech	2,125	1,756
Travel & Transportation	1,601	1,172
Others	595	499
Total	7,866	5,877
Segment operating income		
Manufacturing	399	212
BFSI	118	128
Hitech	403	377
Travel & Transportation	371	260
Others	236	172
Total	1,527	1,149
Unallocable expenses	(206)	(150)
Profit for the period before interest, other income and tax	1,321	999
Interest expense	(2)	(2)
Other income/ (expense)	(183)	218
Net profit before taxes	1,136	1,215
Income taxes	(258)	(275)
Net profit after taxes	878	940

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

Statement of income	Nine months ended December 31,	
	2013	2012
Segment revenue		
Manufacturing	4,711	3,282
BFSI	5,042	3,924
Hitech	6,173	5,358
Travel & Transportation	4,421	3,467
Others	1,643	1,397
Total	21,990	17,428
Segment operating income		
Manufacturing	1,117	603
BFSI	237	536
Hitech	1,333	1,123
Travel & Transportation	996	813
Others	615	484
Total	4,298	3,559
Unallocable expenses	(573)	(654)
Profit for the period before interest, other income and tax	3,725	2,905
Interest expense	(6)	(10)
Other income	820	220
Net profit before taxes	4,539	3,115
Income taxes	(1,008)	(628)
Net profit after taxes	3,531	2,487

Geographical segments

Revenues	Three months ended		Nine months ended	
	December 31,		December 31,	
	2013	2012	2013	2012
America	4,469	3,269	12,622	9,960
Europe	2,224	1,781	6,230	5,150
India	450	369	1,146	1,089
Rest of World	723	458	1,992	1,229
Total	7,866	5,877	21,990	17,428

22. Contingent liabilities

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2013 is Rs 722 (March 31, 2013: Rs 470).
- b) As of the balance sheet date, the Group's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs 5,854 (March 31, 2013: Rs 4,018).

Mindtree Limited and Subsidiaries

Notes to the unaudited condensed consolidated interim financial statements

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

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

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

- d) The Group has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.
- e) The Group has received income tax assessments under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 wherein demand of Rs 91, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119 and Rs 214 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited Rs 15 with the department against these demands.

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The Group has received draft assessment order under Section 143(3) of the Income Tax Act 1961 for the financial year 2008-09 wherein demand of Rs 65 has been raised on account of transfer pricing adjustments. The Group has filed an appeal before the Dispute Resolution Panel.

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

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

- f) The Group received an assessment order for financial year 2006-07 for the erstwhile subsidiary Mindtree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received. The Group has deposited Rs 5 with the department against this demand.

The Group has received the order from the Commissioner of Income Tax (Appeals) wherein the Commissioner of Income Tax (Appeals) accepted the grounds in part and in respect of unfavorable grounds, the Group has filed an appeal before Income Tax Appellate Tribunal. The order giving effect by the Transfer Pricing Officer and Assessing Officer is under process and the reduction in the demand is dependent upon the final order.

- 23.** Current tax assets amounting to Rs 846 have been regrouped to non-current tax assets. Further, computer software has been regrouped from Property, plant and equipment to Intangible assets amounting to Rs 76 (net of amortisation Rs 623).

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24. During the period, the Company has granted stock appreciation rights ('SAR') units and letter of intent to issue shares under Employee Restricted Stock Purchase Plan 2012 ('ERSP') to some of its employees which is subject to certain vesting conditions. Details of the grant/issue are given below.

Particulars	SAR	ERSP 2012 plan
No of units/shares	382,500	115,000
Contractual life	4 years	5 years
Date of grant	18-Jul-13	18-Jul-13*
Grant price/exercise price (Rs)	910	10*

*Based on letter of intent

The fair value of units under ERSP 2012 and SAR plan is determined using the Black-Scholes model. Units under SAR are initially measured at fair value (considering market price) and then remeasured at the end of each reporting period and is classified as an employee benefit liability.

Weighted average fair value of units under ERSP plan 2012, during the period was Rs 898 and Rs 616 for SAR using Black-Scholes model.

Following assumptions are used for Black-Scholes model:

Assumptions	SAR	ERSP
Dividend yield %	0.27%	0.27%
Expected life	4 years	5 years
Risk free interest rate	8.48%	8.29%
Volatility	104.93%	104.93%

Volatility is estimated taking into account historic average share price volatility.