

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		(Rupees in millions, except share data)		
	Note	As at March 31, 2014	As at March 31, 2013 Restated*	As at April 1, 2012
Assets				
Property, plant and equipment	4	3,539	2,818	2,330
Intangible assets	5	172	104	100
Available-for-sale financial assets	6	181	235	11
Deferred tax assets		517	470	590
Non-current tax assets		853	846	742
Other non-current assets	9	1,013	851	794
Total non-current assets		6,275	5,324	4,567
Trade receivables	7	6,004	4,508	4,077
Other current assets	9	1,670	1,348	892
Unbilled revenues		1,014	637	479
Available-for-sale financial assets	6	4,912	3,710	2,803
Derivative assets		93	181	36
Cash and cash equivalents	8	1,185	1,252	602
Total current assets		14,878	11,636	8,889
Total assets		21,153	16,960	13,456
Equity				
Share capital		417	415	405
Share premium		2,429	2,325	1,876
Retained earnings		14,230	10,635	7,632
Other components of equity		219	247	(166)
Equity attributable to owners of the company		17,295	13,622	9,747
Non-controlling interests		-	-	-
Total equity		17,295	13,622	9,747
Liabilities				
Loans and borrowings	10	21	24	26
Other non-current liabilities	12	134	63	44
Provisions	12	39	-	-
Total non-current liabilities		194	87	70
Loans and borrowings and book overdraft	10	90	358	537
Trade payables and accrued expenses	11	815	850	749
Unearned revenue		100	36	19
Current tax liabilities		219	199	257
Derivative liabilities		44	13	597
Employee benefit obligations	13	322	273	229
Other current liabilities	12	1,773	1,317	1,084
Provisions	12	301	205	167
Total current liabilities		3,664	3,251	3,639
Total liabilities		3,858	3,338	3,709
Total equity and liabilities		21,153	16,960	13,456

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

*Refer note 26

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

		(Rupees in millions, except share data)	
		Year ended March 31,	
	Note	2014	2013
Revenues		30,194	23,532
Cost of revenues	17	(19,116)	(15,020)
Gross profit		11,078	8,512
Selling, general and administrative expenses	17	(5,808)	(4,476)
Results from operating activities		5,270	4,036
Foreign exchange gain/ (loss)		119	(340)
Finance expenses		(7)	(12)
Finance and other income	19	412	380
Profit before tax		5,794	4,064
Income tax expense	15	(1,275)	(847)
Profit for the year		4,519	3,217
Attributable to:			
Owners of the Company		4,519	3,217
Non-controlling interests		-	-
		4,519	3,217
Earnings per equity share:	20		
Basic		108.66	78.81
Diluted		107.90	77.75
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		41,588,758	40,974,712
Diluted		41,883,999	41,496,296

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

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Rupees in millions, except share data)
Year ended March 31,

	2014	2013
Profit for the year	4,519	3,217
Other comprehensive income, net of taxes		
Items that will not be reclassified to profit or loss		
- Defined benefit plan actuarial gains/ (losses)	18	-
Items that may be reclassified subsequently to profit or loss		
- Net change in fair value of cash flow hedges	(97)	355
- Net change in fair value of available-for-sale financial assets	59	20
Total other comprehensive income, net of taxes	<u>(20)</u>	<u>375</u>
Total comprehensive income for the year	<u>4,499</u>	<u>3,592</u>
Attributable to:		
Owners of the Company	4,499	3,592
Non-controlling interests	-	-
	<u>4,499</u>	<u>3,592</u>

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MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED 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	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	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

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

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

(Rupees in millions, except share data)

	Year ended March 31,	
	2014	2013
Cash flow from operating activities		
Profit for the year	4,519	3,217
Adjustments for :		
Depreciation & amortisation	791	616
Amortization of stock compensation	71	171
Interest expense	6	12
Income tax expense	1,275	847
Interest / dividend income	(251)	(222)
Gain on sale of property, plant and equipment	(3)	(5)
Gain on sale of available-for-sale financial assets	(130)	(133)
Provision for diminution in the value of investments	(1)	-
Unrealised exchange difference on derivatives	-	(303)
Effect of exchange differences on translation of foreign currency borrowings	25	28
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(70)	(30)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(1,496)	(430)
Unbilled revenues	(377)	(158)
Other assets	(431)	(358)
Trade payables and accrued expenses	(35)	87
Unearned revenues	64	17
Other liabilities	610	265
Net cash provided by operating activities before taxes	4,567	3,621
Income taxes paid	(1,297)	(968)
Net cash provided by operating activities	3,270	2,653
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,520)	(1,066)
Proceeds from sale of property, plant and equipment	3	9
Interest /dividend received from available-for-sale financial assets	222	179
Inter-corporate deposits	-	(75)
Investments in available-for-sale financial assets	(11,443)	(11,057)
Redemption of available-for-sale financial assets	10,495	10,091
Net cash used in investing activities	(2,243)	(1,919)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	63	322
Interest paid on loans	(5)	(11)
Proceeds from short-term borrowings	564	719
Repayment of loans and borrowings	(811)	(941)
Dividends paid (including distribution tax)	(924)	(214)
Net cash used in financing activities	(1,113)	(125)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	70	30
Net (decrease)/ increase in cash and cash equivalents	(16)	639
Cash and cash equivalents at the beginning of the year	1,116	477
Cash and cash equivalents at the end of the period (Note 8)	1,100	1,116

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

Mindtree Limited and Subsidiaries

Notes to the unaudited consolidated 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 consolidated financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on April 16, 2014.

2. Basis of preparation of financial statements

(a) Statement of compliance

These unaudited consolidated financial statements as at and for the year ended March 31, 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 measurement

The unaudited consolidated 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

(c) Functional and presentation currency

The unaudited consolidated 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.

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

(d) Use of estimates and judgement

The preparation of unaudited consolidated financial statements in conformity with IFRS's 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.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the unaudited consolidated financial statements is included in the following notes:

i) Revenue recognition: The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

ii) Income taxes: the Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to Note 15.

iii) Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

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

3. Significant accounting policies

(i) Basis of consolidation

Subsidiaries

The unaudited consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries and controlled trusts).

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 consolidated financial statements of the group.

Special purpose entities

The Company has established certain special purpose entities (“SPEs”) for business purposes. These SPE are consolidated based on an evaluation of the substance of its relationship with the Company and the SPE’s risks and rewards. SPEs controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the SPE’s management and that result in the Company receiving the majority of the benefits related to the SPE’s operations and net assets, being exposed to risks incident to the SPE’s activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(ii) Functional and presentation currency

Items included in the unaudited consolidated financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the “functional currency”). These unaudited consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of Mindtree Limited and its subsidiaries.

(iii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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(iv) Financial instruments

Financial instruments of the Company are classified in the following categories : non-derivative financial instruments comprising of loans and receivables, available-for-sale financial assets and trade and other liabilities; derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss.

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial instruments

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Loans and receivables are represented by trade receivables, unbilled revenue, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transaction costs. Subsequent to initial recognition these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the statement of income.

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(iii) Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

b) Derivative financial instruments

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction cost are recognized in statement of income as cost.

(i) Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction.

(ii) Others: Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of income and reported within foreign exchange gains/(losses), net under results from operating activities.

(v) Property, plant and equipment

a) Recognition and measurement: Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

b) Depreciation: The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life or the related lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	Useful life
Buildings	25 to 30 years
Computer systems	1 to 3 years
Furniture, fixtures and equipment	3 to 5 years
Vehicles	4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of income when incurred. The cost and related accumulated depreciation are eliminated from the unaudited consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of income.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

(vi) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

a) Goodwill

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized immediately in the statement of income.

b) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful life for intellectual property related intangibles is estimated at 5 years and computer software is estimated at 1 to 2 years.

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(vii) Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of income over the lease term.

(viii) Impairment

a) Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

(i) Loans and receivables

Impairment losses on trade and other receivables are recognized using separate allowance accounts.

(ii) Available-for-sale financial asset

When the fair value of available-for-sale financial assets declines below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in other comprehensive income, a component of equity in other reserve is transferred to the statement of income. An impairment loss may be reversed in subsequent periods, if the indicators for the impairment no longer exist. Such reversals are recognized in other comprehensive income.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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c) Reversal of impairment loss

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill and available-for-sale financial assets that are equity securities is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(ix) Employee Benefit

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company has the following employee benefit plans:

a) Provident fund

Employees receive benefits from a provident fund. The employer and employees each make periodic contributions to the government administered plan equal to a specified percentage of the covered employee's salary.

b) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC), ICICI Prudential Life Insurance Company and SBI Life Insurance Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. 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

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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 financial statements.

c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of income.

(x) Share based payment transaction

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of income with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

The fair value of the amount payable to the employees in respect of SARs, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognized in statement of income.

(xi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(xii) Revenue

The Company derives revenue primarily from software development and related services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of income in the period in which such losses become probable based on the current contract estimates.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an

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indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18

The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances.

The Company accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

(xiii) Finance income and expense

Finance income consists of interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in the statement of income, using the effective interest method.

Dividend income is recognized in the statement of income on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings and impairment losses recognized on financial assets (other than trade receivables). Borrowing costs are recognized in the statement of income using the effective interest method.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

(xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent it relates to items directly recognized in equity or in other comprehensive income.

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a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(xv) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(xvi) Government grants

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

- (i) the Group will comply with the conditions attached to them; and
- (ii) the grant will be received.

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Government grants related to revenue are recognised on a systematic basis in the statement of income over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a nominal value.

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.

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 3(i))
- IFRS 13 Fair Value Measurement (see (a) below) *
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (c))
- IAS 19 Employee Benefits (2011) (see (3)(ix)(b))
- 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 consolidated financial statement of the group.

(a) 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.

(b) 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 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.

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(c) IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period.

The amendments clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

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 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.

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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 financial statements

c) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not expected to be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

d) IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company is currently evaluating the requirements to IFRS 21, and has not yet determined the impact on the consolidated financial statements.

e) IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. The Company is currently evaluating the requirements to IAS 39, and has not yet determined the impact on the consolidated financial statements.

f) Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group is currently evaluating the requirements of IAS 36, and has not yet determined the impact in the consolidated financial statements.

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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	-	-	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	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

The depreciation expense for the year ended March 31, 2014 and March 31, 2013 is included in the following line items in the statement of income.

Particulars	Year ended March 31,	
	2014	2013
Cost of revenues	603	469
Selling, general and administrative expenses	60	46
Total	663	515

The Carrying value of land includes Rs 58 and Rs 59 as at March 31, 2014 and March 31, 2013 towards deposits paid under lease agreement to use the land for 90-95 years and the ownership of the land does not vest with the Group after the lease period. Further carrying value of land includes Rs 11 towards deposit paid for use of land for 95 years with an option of renewing the lease subject to fulfillment of certain conditions and restrictions.

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5. Intangible assets

Particulars	Intellectual property	Computer software	Total
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	-	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

The amortisation expense for the year ended March 31, 2014 and March 31, 2013 is included in the following line items in the statement of income.

Particulars	Year ended March 31,	
	2014	2013
Cost of revenues	116	92
Selling, general and administrative expenses	12	9
Total	128	101

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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 March 31, 2014	As at March 31, 2013
Non-current		
Investment in unlisted equity securities and mutual funds		
Cost	177	231
Gross unrealised holding gains	4	4
Fair value	181	235
Current		
Investment in liquid and short term mutual funds		
Cost	4,757	3,628
Gross unrealised holding gains	155	82
Fair value	4,912	3,710
Total available-for-sale financial assets	5,093	3,945

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 96 and Rs 47 for the year ending March 31, 2014 and March 31, 2013 respectively.

7. Trade receivables

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables	6,140	4,554
Allowance for doubtful accounts receivable	(136)	(46)
Total	6,004	4,508

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8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at March 31, 2014	As at March 31, 2013
Cash balances	-	-
Current and time deposits with banks #	1,185	1,252
Cash and cash equivalents on statement of financial position	1,185	1,252
Book overdrafts used for cash management purposes	(85)	(136)
Cash and cash equivalents in the cash flow statement	1,100	1,116

#Balance with banks amounting to Rs 5 and Rs 4 as of March 31, 2014 and March 31, 2013 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 March 31, 2014	As at March 31, 2013
<i>Non-current</i>		
Capital advances	136	127
Security deposits	564	481
Prepaid expenses	186	179
Others	127	64
	1,013	851
<i>Current</i>		
Interest bearing deposits with corporates	400	400
Prepaid expenses	443	368
Advance to employees	256	207
Advance to suppliers	196	145
Interest accrued and not due	24	29
Deposits	200	115
Others	151	84
	1,670	1,348
Total	2,683	2,199

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10. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
<i>Non-current</i>		
Unsecured long-term loan	21	24
	21	24
<i>Current</i>		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	-	217
Bank overdraft	85	136
	90	358
Total	111	382

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 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.

During the year ended March 31, 2014, the Company has availed packing credit loans of USD 10 million and has repaid packing credit loans of USD 14 million. These packing credit loans were secured against the trade receivables of the Company. As at March 31, 2014, the Company has no outstanding packing credit loan (As at March 31, 2013: USD 4 million). The Company had taken forward exchange contracts with respect to this loan.

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11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables	257	294
Accrued expenses	558	556
Total	815	850

12. Other liabilities and provisions

Particulars	As at March 31, 2014	As at March 31, 2013
Non-current		
Interest accrued but not due on borrowings	-	-
Employee related liabilities	32	-
Others	102	63
Total	134	63
Current		
Interest accrued but not due on borrowings	1	2
Advances from customers	103	42
Employee and other liabilities	1,255	1,023
Statutory dues payable	284	238
Other liabilities	130	12
Total	1,773	1,317
Total	1,907	1,380
Non-current		
Provisions		
Provision for discount	39	-
Total	39	-
Current		
Provisions		
Provision for discount	231	145
Provision for post contract support services	4	3
Others	66	57
Total	301	205

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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	Year ended March 31,	
	2014	2013
Balance as at beginning of the year	-	-
Provisions made during the year	39	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	39	-

Current

Provision for discount

Particulars	Year ended March 31,	
	2014	2013
Balance as at beginning of the year	145	109
Provisions made during the year	251	144
Utilisations during the year	(154)	(95)
Released during the year	(11)	(13)
Provision as at the end of the year	231	145

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

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	Year ended March 31,	
	2014	2013
Balance as at beginning of the year	3	5
Provision made during the year	1	(2)
Provision as at the end of the year	4	3

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	Year ended March 31,	
	2014	2013
Balance as at beginning of the year	57	53
Provisions made during the year	9	8
Released during the year	-	(4)
Provision as at the end of the year	66	57

13. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at	As at
	March 31, 2014	March 31, 2013
Gratuity	2	11
Compensated absences	320	262
Total	322	273

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The carrying value and fair value of financial instruments by categories as at 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	-	6,004	-	-	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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The carrying value and fair value of financial instruments by categories as at March 31, 2013 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	-	4,508	-	-	4,508	4,508
Unbilled Revenue	-	637	-	-	637	637
Available-for-sale financial assets	-	-	3,945	-	3,945	3,945
Cash and cash equivalents	-	1,252	-	-	1,252	1,252
Derivative assets	181	-	-	-	181	181
Other assets	-	1,241	-	-	1,241	1,241
Total assets	181	7,638	3,945	-	11,764	11,764
Liabilities						
Loans and borrowings	-	-	-	382	382	382
Trade payables and accrued expenses	-	-	-	850	850	850
Derivative Liabilities	13	-	-	-	13	13
Other liabilities	-	-	-	1,305	1,305	1,305
Total liabilities	13	-	-	2,537	2,550	2,550

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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 March 31, 2014 and March 31, 2013:

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			181
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	

Particulars	As of March 31, 2013	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	3,934	3,934		
Available-for-sale financial asset-Investments in unlisted equity securities	11			11
Derivatives financial instruments-gain on outstanding foreign exchange forward and option	181		181	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	13		13	

There have been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2014.

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:

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Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	11	11
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	Year ended	
	March 31, 2014	March 31, 2013
Income from available-for-sale financial assets	280	261
Interest income on deposits	101	94
Interest expense	(7)	(12)

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 March 31,	
	2014	2013
Designated derivative instruments (Sell)		
In US \$	48	113
In Euro	5	11
Non-designated derivative instruments (Sell)		
In US \$	-	-
Non-designated derivative instruments (Buy)		
In US \$	-	4

The Company recognized a net foreign exchange gain on derivative financial instruments of Rs 5 and Rs 303 for the years ended March 31, 2014 and 2013, respectively. These amounts are included in finance income.

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In respect of foreign currency derivative contracts designated as cash flow hedges, the Company has recorded a loss of Rs 97 and a gain of Rs 355 in other comprehensive income (net of taxes) as a component of equity for the year ended March 31, 2014 and March 31, 2013 respectively.

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 March 31,	
	2014	2013
Balance at the beginning of the year	173	(250)
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	(173)	250
Changes in fair value of effective portion of derivatives	49	173
Balance at the end of the year	49	173

As at March 31, 2014 and March 31, 2013 there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

The foreign exchange forward and option contracts mature anywhere between 0-1 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	As at March 31,	
	2014	2013
Designated derivative instruments (Sell)		
Not later than 1 month	15	13
Later than 1 month but not later than 3 months	30	25
Later than 3 months but not later than 1 year	9	89
Later than 1 year	-	-
Non-designated derivative instruments (Sell)		
Not later than 1 month	-	-
Later than 1 month but not later 3 months	-	-
Later than 3 months but not later 1 year	-	-
Later than 1 year	-	-

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

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Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers:

Particulars	Year ended March 31,	
	2014	2013
Revenue from top customer	2,341	1,876
Revenue from top 5 customer	9,688	7,836

No single customer accounted for more than 10% of the receivables and revenues for the years March 31, 2014 and March 31, 2013 and hence there is no significant concentration of credit risk.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and interest bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents include deposits with banks with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity instruments. Deposits with corporates represent funds deposited with financial institutions for a specified time period. Of the total trade receivables, Rs 5,048 and Rs 3,716 as of March 31, 2014 and March 31, 2013 respectively, were neither past due nor impaired.

Mindtree Limited and Subsidiaries**Notes to the unaudited consolidated financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****Financial assets that are past due but not impaired**

There is no other class of financial assets that is past due but not impaired except for trade receivables. The company's credit period generally ranges from 30-90 days. The age wise break up of trade receivables, net of allowances that are past due, is given below:

Period (in days)	As at March 31,	
	2014	2013
Past due 0-30 days	356	378
Past due 30-60 days	218	108
Past due 60-90 days	51	41
Past due over 90 days	331	265
Total past due and not impaired	956	792

The allowance for impairment in respect of trade receivables for the year ended March 31, 2014 and March 31, 2013 was Rs 96 and Rs 28 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	46	40
Additions during the year	95	28
Trade receivables written off	(5)	(22)
Balance at the end of the year	136	46

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the company is given below:

Particulars	As at	
	March 31, 2014	March 31, 2013
Cash and cash equivalents	1,185	1,252
Available-for-sale investments	4,912	3,710
Interest bearing deposits with corporates	400	400
Total	6,497	5,362

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The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2014 and March 31, 2013:

Particulars	As at March 31, 2014		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings and bank overdraft	89	5	22
Trade payables and accrued expenses	815	-	-
Derivative Liabilities	44		
Other liabilities	1,610		

Particulars	As at March 31, 2013		
	Less than 1 year	1-2 years	2 years and above
Loans and borrowings and bank overdraft	358	5	27
Trade payables and accrued expenses	850	-	-
Derivative Liabilities	13		
Other liabilities	1,305		

Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (in U.S. dollars). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The Company has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company uses derivative financial instruments, such as foreign exchange forward and option contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

The Company has designated certain derivative instruments as cash flow hedge to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

The details in respect of the outstanding foreign exchange forward and option contracts are given under the derivative financial instruments section.

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In respect of the Company's forward and option contracts, a 1% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- a) an approximately Rs 33 increase/decrease in the Company's hedging reserve and an approximately Rs Nil increase/decrease in the Company's net profit as at March 31, 2014;
- b) an approximately Rs 69 increase/decrease in the Company's hedging reserve and an approximately Rs Nil increase/decrease in the Company's net profit as at March 31, 2013; and

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2014 and March 31, 2013.

As at March 31, 2014

Particulars	US \$	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	3,854	981	526	397	5,758
Unbilled Revenue	656	141	221	2	1,020
Cash and cash equivalents	667	84	117	157	1,025
Other assets	190	17	33	25	265
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	33	2	3	16	54
Other liabilities	183	25	56	80	344
Net assets/liabilities	5,151	1,197	838	485	7,671

* Others include currencies such as Singapore \$, Australian \$, Canadian \$, Japanese Yen etc

As at March 31, 2013

Particulars	US \$	Euro	Pound Sterling	Other currencies *	Total
Assets					
Trade Receivables	2,704	731	396	332	4,163
Unbilled Revenue	564	21	10	9	604
Cash and cash equivalents	459	134	88	133	814
Other assets	103	8	17	9	137
Liabilities					
Loans and borrowings	217	-	-	-	217
Trade payables and accrued expenses	106	10	7	19	142
Other liabilities	111	33	44	49	237
Net assets/liabilities	3,396	851	460	415	5,122

* Others include currencies such as Singapore \$, Australian \$, Canadian \$, Japanese Yen etc

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For the year ended March 31, 2014 and 2013 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.40 % and 0.37% respectively.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

For details of the Company's borrowings and investments, refer to note 6 and 10 above.

15. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Year ended March 31,	
	2014	2013
Current taxes		
Domestic	1,078	673
Foreign	239	214
Total	1,317	887
Deferred taxes		
Domestic	(31)	(18)
Foreign	(11)	(22)
Total	(42)	(40)
Grand total	1,275	847

Income tax expense has been allocated as follows:

Particulars	Year ended March 31,	
	2014	2013
Income tax expense as per the statement of income	1,275	847
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	13	10
- gains/(losses) on cash flow hedging derivatives	(28)	68
- actuarial gains/ (losses) on defined benefit plans	4	-
	(11)	78
Total	1,264	925

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit before tax	5,794	4,064
Enacted income tax rate in India	33.99%	32.45%
Computed expected tax expense	1,969	1,319
Effect of:		
Income exempt from tax	(804)	(501)
Temporary differences reversed during the tax holiday period	45	(3)
Expenses disallowed for tax purposes	(23)	69
Foreign Tax (Net)	113	63
Tax reversals	(21)	(101)
Others	(4)	1
Total income tax expense	1,275	847

The tax rates under Indian Income Tax Act, for the year ended March 31, 2014 and March 31, 2013 is 33.99% and 32.45% respectively.

The Company has not created deferred tax assets on the following:

Particulars	As at March 31, 2014	As at March 31, 2013
Unused tax losses (long term capital loss) which expire in		
- FY 2015-16	-	1
- FY 2016-17	2	3
- FY 2018-19	163	163
- FY 2019-20	34	34
Unused tax losses of foreign jurisdiction	199	221

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The components of deferred tax assets are as follows:

Particulars	As at	As at
	March 31, 2014	March 31, 2013
Property, plant and equipment	213	215
Allowances for doubtful accounts receivable	31	10
Compensated absences	100	84
Others	59	51
	403	360
Minimum alternate tax	160	165
Cash flow hedges	(10)	(37)
Available for sale financial assets	(31)	(18)
Defined benefit plans	(5)	-
Total deferred tax assets (net)	517	470

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology Parks and Export Oriented units. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The tax holidays on all facilities under Software Technology Parks and Export oriented units has expired on March 31, 2011. Additionally, under the Special Economic Zone Act, 2005 scheme, units in designated special economic zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments is exempt from tax. The difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax.

Pursuant to the changes in the Indian income tax laws in fiscal 2007, Minimum Alternate Tax (MAT) has been extended to income in respect of which deduction is claimed under the tax holiday schemes discussed above; consequently, the Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT and accordingly, a deferred tax asset of Rs Nil and Rs 165 has been recognized in the statement of financial position as of March 31, 2014 and March 31, 2013 respectively, which can be carried forward for a period of ten years from the year of recognition.

The Company is also subject to US tax on income attributable to its permanent establishment in the United States due to operation of its US branch.

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16. Equity

a) Share capital and share premium

The company has only one class of equity shares. The authorized share capital of the Company is 79,620,000 equity shares of Rs 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of the par value is classified as share premium.

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

Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

The company declares and pays dividends in Indian rupees. A final dividend, including tax thereon, on common stock is recorded as a liability on the date of approval by the shareholders.

An interim dividend, including tax thereon, is recorded as a liability on the date of declaration by the board of directors.

Indian law mandates that any dividend be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with current regulations. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2014 and March 31, 2013 was Rs 19 and Rs 4.5 respectively.

The Board of Directors at its meeting held on April 16, 2014 have recommended a third interim dividend of 50% (Rs 5 per equity share of par value Rs 10 each). Further, the Board has recommended a final dividend of 50% (Rs 5 per equity share of par value Rs 10 each) for the year ended March 31, 2014 and a special dividend of 50% (Rs 5 per equity share of par value Rs 10 each) for completion of 15 years in business. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 18, 2014, and if approved, would result in a cash outflow of approximately Rs 732, inclusive of corporate dividend tax of Rs 106.

The Board of Directors at their meeting held on April 16, 2014, have recommended an issue of bonus shares on the company's equity shares in the ratio of 1:1 (one additional equity share for every one existing equity share). The Group is in the process of complying with necessary formalities. If the proposed 1:1 bonus share issue is approved by shareholders prior to the date of the AGM, the final and special dividend amounts would be accordingly reduced to 25% (Rs 2.5 per equity share of Rs 10 each).

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In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Retained earnings

Retained earnings comprises of the Company's prior years' undistributed earnings after taxes. A portion of these earnings amounting to Rs. 87 is not freely available for distribution.

c) Share based payment reserve

The share based payment reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in share based payment reserve are transferred to share premium upon exercise of stock options by employees.

d) Cash flow hedging reserve

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized in other comprehensive income (net of taxes), and presented within equity in the cash flow hedging reserve.

e) Other reserve

Changes in the fair value of available-for-sale financial assets is recognized in other comprehensive income (net of taxes), and presented within equity in other reserve.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
Total equity attributable to the equity share holders of the company	17,295	13,622
As percentage of total capital	99%	97%
Current loans and borrowings	90	358
Non-current loans and borrowings	21	24
Total loans and borrowings	111	382
As a percentage of total capital	1%	3%
Total capital (loans and borrowings and equity)	17,406	14,004

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The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash company with cash and bank balances along with available-for-sale financial assets which is predominantly investment in liquid and short term mutual funds being far in excess of debt.

17. Expenses by nature

Particulars	Year ended March 31,	
	2014	2013
Employee benefits	17,687	14,308
Depreciation and amortisation charges	791	617
Recruitment, staff welfare and training expenses	535	438
Travel and conveyance	1,467	935
Communication expenses	370	282
Sub-contractor charges/Outsourced technical services/software purchases	1,508	958
Consumables/maintenance and repairs	536	449
Post contract support services	1	(1)
Power and fuel	255	206
Lease rentals/charges	699	583
Printing and stationery	21	16
Advertisement	33	21
Bank charges	11	11
Rates, taxes and insurance	114	92
Marketing expenses	190	181
Legal and professional expenses	403	265
Provision for doubtful accounts receivable	95	28
Others	208	107
Total cost of revenues, selling, general and administrative expenses	24,924	19,496

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18. Employee benefits

a) Employee costs include

Particulars	Year ended March 31,	
	2014	2013
Salary and allowances	16,189	13,029
Defined benefit plan - Gratuity cost	51	65
Contribution to provident and other funds	1,376	1,042
Share based compensation	71	172
Total	17,687	14,308

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

Particulars	Year ended March 31,	
	2014	2013
Cost of revenues	14,781	12,086
Selling, general and administrative expenses	2,906	2,222
Total	17,687	14,308

b) Defined benefit plans

Amount recognized in the statement of income in respect of gratuity cost (defined benefit plan) is as follows:

Particulars	Year ended March 31,	
	2014	2013
Gratuity cost		
Service cost	74	62
Interest cost	26	19
Expected return on plan assets	(26)	(23)
Actuarial (gain)/loss	(23)	7
Net gratuity cost	51	65
Actual Return on plan assets	26	24
Assumptions		
Interest rate	7.96%	7.96%
Expected rate of return on plan assets	8%	8%
Salary increase	6%	6%
Attrition rate	13.38%	13.38%
Retirement age	60	60

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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The following table sets out the status of the gratuity plan.

Particulars	As at March 31, 2014	As at March 31, 2013
Change in projected benefit obligations		
Obligations at the beginning of the year	324	276
Service cost	74	62
Interest cost	26	19
Benefits settled	(36)	(41)
Actuarial (gain)/loss	(23)	8
Obligations at end of the year	365	324
Change in plan assets		
Plan assets at the beginning of the year, at fair value	313	275
Expected return on plan assets	26	23
Actuarial gain/(loss)	-	1
Contributions	60	55
Benefits settled	(36)	(41)
Plan assets at the end of the year, at fair value	363	313

Historical Information: -

Particulars	Year ended March 31,				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	(365)	(324)	(276)	(265)	(229)
Fair Value of Plan	363	313	275	257	227
Asset/ (liability) recognised	(2)	(11)	(1)	(8)	(2)

The experience adjustments, meaning difference between changes in plan assets and obligations expected on the basis of actuarial assumption and actual changes in those assets and obligations are as follows:

Particulars	As at	
	March 31,2014	March 31,2013
Experience adjustment on plan liabilities	(9)	8
Experience adjustment on plan assets	(2)	1

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As at March 31, 2014	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (1% movement)	(31)	9
Future salary growth (1% movement)	6	(29)
Attrition (1% movement)	(11)	(14)

Maturity profile of defined benefit obligation

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Particulars	Year end March 31, 2014
Within 1 year	34
1-2 year	29
2-3 year	26
3-4 year	22
5-10 year	74

The company expects to contribute Rs 60 to its defined benefit plans during the next fiscal year.

As at March 31, 2014 and 2013, 100% of the plan assets were invested in insurer managed funds.

19. Finance and other income

Particulars	Year ended March 31,	
	2014	2013
Interest income	101	94
Gain on sale of available-for-sale financial assets	130	133
Gain on sale of property, plant and equipment	3	5
Dividend income	150	128
Others	28	20
Total	412	380

20. 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	Year ended March 31, 2014		Year ended March 31, 2013	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	41,588,758	41,588,758	40,974,712	40,974,712
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	295,241	-	521,584
Weighted average number of equity shares for calculation of earnings per share	41,588,758	41,883,999	40,974,712	41,496,296

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21. Employee stock incentive plans

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors (Board). Under the ESOP, the Company currently administers seven stock option programs. The terms and conditions of each program is highlighted below.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of Rs 10 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or before September 30, 2001 or have been issued employment offer letters on or before August 7, 2001. This plan was terminated on September 30, 2001. The contractual life of each option is 11 years after the date of grant.

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of Rs 50 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or after October 1, 2001 or have been issued employment offer letters on or after August 8, 2001 or options granted to existing employees with grant date on or after October 1, 2001. This plan was terminated on April 30, 2006. The contractual life of each option is 11 years after the date of grant.

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of Rs 250 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after May 1, 2006. This plan was terminated on October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Program 4 [ESOP 2006 (b)]

Options under this program are granted to employees at an exercise price periodically determined by the Compensation Committee. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Program 5 [ESOP 2008A]

Options under this program are granted to employees of erstwhile Aztecsoft Limited as per swap ratio of 2:11 as specified in the merger scheme. Each new option is entitled to 1 equity share of Rs 10 each.

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

Options under this program have been granted to independent directors at an exercise price periodically determined by the compensation committee. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. The contractual life of each option is 4 years after the date of the grant.

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Program 7 [ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received from the BSE and NSE during the previous year for 1,135,000 equity shares of Rs. 10 each. No options have been granted under the program as at March 31, 2012.

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

ERSP 2012 was instituted with effect from July 16, 2012 to further issue upto 1,000,000 equity shares of nominal value of Rs 10 each. Shares under this program are granted to employees at an exercise price of not less than Rs 10 per equity share or such higher price as decided by the Board of Directors. Shares shall vest over such term as determined by the Board of Directors not exceeding ten years from the date of the grant. All shares will have a minimum lock in period of one year from the date of allotment.

Activities in various programs as explained above during the year ended March 31, 2014 and March 31, 2013 are set out below:

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Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Program 1:				
Outstanding at the beginning	-	10	4,000	10
Forteited during the year	-	-	-	-
Lapsed during the year	-	10	3,500	10
Exercised during the year	-	10	500	10
Outstanding at the end	-	10	-	10
Exercisable at the end	-	10	-	10
Program 2:				
Outstanding at the beginning	47,918	50	79,367	50
Forteited during the year	-	-	-	-
Lapsed during the year	3,821	50	5,612	50
Exercised during the year	12,868	50	25,837	50
Outstanding at the end	31,229	50	47,918	50
Exercisable at the end	31,229	50	47,918	50
Program 3:				
Outstanding at the beginning	-	-	-	-
Forteited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end	-	-	-	-
Exercisable at the end	-	-	-	-
Program 4:				
Outstanding at the beginning	304,650	491	1,349,038	380
Option Granted during the year	-	-	-	-
Forteited during the year	71,325	478	41,000	508
Lapsed during the year	28,475	466	97,528	383
Exercised during the year	57,600	507	905,860	337
Outstanding at the end	147,250	497	304,650	491
Exercisable at the end	89,175	515	115,225	501
Program 5:				
Outstanding at the beginning	108,248	393	124,803	390
Forteited during the year	-	-	-	-
Lapsed during the year	2,610	399	2,118	171
Exercised during the year	20,614	388	14,437	405
Outstanding at the end	85,024	394	108,248	393
Exercisable at the end	85,024	394	108,248	393
Program 6: DSOP				
Outstanding at the beginning	135,000	559	151,667	495
Option Granted during the year	-	-	20,000	556
Forteited during the year	25,000	560	-	-
Lapsed during the year	10,000	560	-	-
Exercised during the year	45,000	560	36,667	259
Outstanding at the end	55,000	559	135,000	559
Exercisable at the end	41,666	559	76,667	560
ERSP 2012				
Outstanding at the beginning	-	-	-	-
Option Granted during the year	18,594	10	7,831	10
Forteited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	18,594	10	7,831	10
Outstanding at the end	-	-	-	-
Exercisable at the end	-	-	-	-

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The weighted average share price of options exercised during the year ended March 31, 2014 and March 31, 2013 were Rs 408.80 and Rs 324.74 respectively.

The table below summarizes information about share options outstanding as of March 31, 2014:

Particulars	Options outstanding		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs)
Program 1	-	-	-
Program 2	31,229	1.13	50.00
Program 3	-	-	-
Program 4	147,250	1.78	496.58
Program 5	85,024	2.28	393.90
DSOP 2006	55,000	1.24	558.55

The table below summarizes information about share options outstanding as of March 31, 2013:

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

During the year, the Group has also granted stock appreciation rights ('SAR') units and letter of intent to issue shares under ERSP 2012 plan 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*
Price per share/ unit	Grant price of Rs 910	Exercise price of Rs 10*

*Based on Letter of Intent

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The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the year was Rs 898 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs 914
Exercise price	Rs 10
Dividend yield%	0.17% - 0.30%
Expected life	5 years
Risk free interest rate	8.29%
Volatility	104.65% – 107.7%

22. 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 year ended March 31, 2014 and March 31, 2013 was Rs 277 and Rs 172 respectively.

Future minimum lease payments under non-cancelable operating lease as at March 31, 2014 is as below:

Minimum lease payments	As at March 31, 2014	As at March 31, 2013
Payable – Not later than one year	278	214
Payable – Later than one year and not later than five years	515	563
Payable – Later than five years	191	201

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2014 and March 31, 2013 was Rs 272 and Rs 251 respectively.

23. 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
Janaagraha Centre for Citizenship & Democracy	Entity with common key management person
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.84 % 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 year were:

Name of related party	Nature of transaction	Year ended March 31,	
		2014	2013
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	17	13
Janaagraha Centre for Citizenship & Democracy	Donation paid	3	-
Tanglin Developments Limited	Leasing office buildings and land	399	310
	Advances/ deposits paid		
	- towards electricity deposit/ charges	3	220
	- towards lease rentals	486	259
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	48	108
	- towards lease rentals	327	147
	Interest on advance towards electricity charges/ deposit	22	3

Balances payable to related parties are as follows:

Name of related party	As at March 31, 2014	As at March 31, 2013
Tanglin Developments Limited	-	9

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Balances receivable from related parties are as follows:

Name of related party	Nature of transactions	As at March 31, 2014	As at March 31, 2013
Tanglin Developments Limited	Rental Advance		
	- Current	126	112
	- Non-current	94	-
	Advance towards electricity charges		
	- Current	48	48
	- Non-current	16	64
	Security deposit (including electricity deposit) returnable on termination of lease	399	345
	Interest accrued on advance towards electricity charges	3	3

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 Ramanan	Chief Financial Officer and Alternate Director to Mr. N.S.Parthasarathy
Anjan Lahiri**	-
R. Srinivasan*	-

*R Srinivasan retired with effect from July 19, 2013

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

Mindtree Limited and Subsidiaries

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

The Board of Directors appointed Apurva Purohit as an Independent Director and N S Parthasarathy as an Executive Director, effective January 1, 2014. Further, the Board of Directors appointed Rostow Ravanan as an Alternate Director to N S Parthasarathy, effective January 17, 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 year ended March 31, 2014 and March 31, 2013 have been detailed below:

Particulars	Year ended March 31,	
	2014	2013
Whole-time directors		
Salaries	33	24
Contribution to Provident fund	1	1
Bonus & Incentives	44	39
Reimbursement of expenses	6	4
Share-Based payments as per IFRS2	30	-
Total Remuneration	114	68
Non-whole-time directors		
Commission	37	28
Total Remuneration	151	96

24. 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 consolidated 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	Year ended March 31,	
	2014	2013
Segment revenue		
Manufacturing	6,528	4,498
BFSI	6,919	5,245
Hitech	8,419	7,173
Travel & Transportation	6,067	4,690
Others	2,261	1,926
Total	30,194	23,532
Segment operating income		
Manufacturing	1,585	836
BFSI	440	596
Hitech	1,794	1,481
Travel & Transportation	1,356	1,062
Others	885	681
Total	6,060	4,656
Unallocable expenses	(790)	(960)
Profit for the period before interest, other income and tax	5,270	3,696
Interest expense	(7)	(12)
Other income/ (expense)	531	380
Net profit before taxes	5,794	4,064
Income taxes	1,275	(847)
Net profit after taxes	4,519	3,217

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

Revenues	Year ended March 31,	
	2014	2013
America	17,433	13,329
Europe	8,540	6,944
India	1,452	1,462
Rest of World	2,769	1,797
Total	30,194	23,532

25. Contingent liabilities

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2014 is Rs 854 (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 5,683 (March 31, 2013: Rs 4,018).
- 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.

Mindtree Limited and Subsidiaries

Notes to the unaudited consolidated financial statements

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

- 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, 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 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. The department has adjusted pending refunds amounting to Rs 363 against these demands.

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 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 Group has deposited Rs.5 with the department against this demand.

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

- g) The Company has received a draft assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs.60 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 will file an appeal with Commissioner of Income Tax (Appeals) once the final order is received.
26. Current tax assets amounting to Rs 846 for March 31, 2013 and Rs 742 for March 31, 2012 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) for March 31, 2013 and Rs 58 (net of amortization of Rs 536) for March 31, 2012. The restatement in the current year does not have any impact on statement of income.
27. The Group has a development center at Gainesville, Florida, US. The state of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

Nature of expenses	Year ended March 31,	
	2014	2013
Reimbursement of rent	3	2
Grant towards workforce training	28	4
Total	31	6

The Group has availed a non-monetary grant of USD 950,000 for renovation of project facility in the previous year. This grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the development center at Gainesville, Florida, US