

MINDTREE LIMITED AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Rupees in millions, except share data)

	Note	As at June 30, 2012	As at March 31, 2012
Assets			
Intangible assets	5	39	42
Property, plant and equipment	4	2,404	2,388
Available-for-sale financial assets	6	11	11
Deferred tax assets		661	590
Other non-current assets	9	821	794
Total non-current assets		3,936	3,825
Trade receivables	7	4,768	4,077
Other current assets	9	1,037	892
Unbilled revenues		448	479
Available-for-sale financial assets	6	3,103	2,803
Current tax assets		772	742
Derivative assets	14	25	36
Cash and cash equivalents	8	418	602
Total current assets		10,571	9,631
Total assets		14,507	13,456
Equity			
Share capital		407	405
Share premium		1,944	1,876
Retained earnings		8,492	7,632
Other components of equity		(358)	(166)
Equity attributable to owners of the Company		10,485	9,747
Non-controlling interests		-	-
Total equity		10,485	9,747
Liabilities			
Loans and borrowings	10	22	26
Other non-current liabilities	12	43	44
Total non-current liabilities		65	70
Loans and borrowings and book overdraft	10	728	537
Trade payables and accrued expenses	11	717	749
Unearned revenue		48	19
Current tax liabilities		367	257
Derivative Liabilities	14	828	597
Employee benefit obligations	13	268	229
Other current liabilities	12	808	1,084
Provisions	12	193	167
Total current liabilities		3,957	3,639
Total liabilities		4,022	3,709
Total equity and liabilities		14,507	13,456

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

MINDTREE LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

		(Rupees in millions, except share data)	
		Three months ended June 30,	
	Note	2012	2011
Revenues		5,611	4,118
Cost of revenues	16	(3,550)	(2,959)
Gross Profit		2,061	1,159
Selling, general and administrative expenses	16	(1,086)	(854)
Results from operating activities		975	305
Finance expenses		(4)	(1)
Finance and other income	18	149	129
Profit before tax		1,120	433
Income tax expense	15	(260)	(57)
Profit for the period		860	376
Attributable to:			
Owners of the Company		860	376
Non-controlling interests		-	-
		860	376
Earnings per equity share:	19		
Basic		21.17	9.39
Diluted		20.88	9.30
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		40,617,464	40,089,411
Diluted		41,187,730	40,445,151

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

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

		(Rupees in millions, except share data)	
		Three months ended June 30,	
	Note	2012	2011
Profit for the period		860	376
Other comprehensive income, net of taxes			
- Net change in fair value of cash flow hedges	14	(223)	(6)
- Net change in fair value of available-for-sale financial assets	6	<u>22</u>	<u>1</u>
Total other comprehensive income, net of taxes		<u>(201)</u>	<u>(5)</u>
Total comprehensive income for the period		<u><u>659</u></u>	<u><u>371</u></u>
Attributable to:			
Owners of the Company		659	371
Non-controlling interests		<u>-</u>	<u>-</u>
		<u><u>659</u></u>	<u><u>371</u></u>

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

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

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Other components of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
						Cash flow hedging reserve	Other reserves			
Balance as at April 1, 2011	40,035,187	400	1,680	5,628	61	63	16	7,848	-	7,848
Issue of equity shares on exercise of options	92,428	1	26	-	-	-	-	27	-	27
Profit for the period	-	-	-	376	-	-	-	376	-	376
Other comprehensive income	-	-	-	-	-	(6)	1	(5)	-	(5)
Compensation cost related to employee share based payment transaction	-	-	-	-	(36)	-	-	(36)	-	(36)
Cash dividend paid (including dividend tax thereon)	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2011	40,127,615	401	1,706	6,004	25	57	17	8,210	-	8,210
Balance as at April 1, 2011	40,035,187	400	1,680	5,628	61	63	16	7,848	-	7,848
Issue of equity shares on exercise of options	508,736	5	196	-	-	-	-	201	-	201
Profit for the year	-	-	-	2,180	-	-	-	2,180	-	2,180
Other comprehensive income	-	-	-	-	-	(282)	33	(249)	-	(249)
Compensation cost related to employee share based payment transaction	-	-	-	-	(57)	-	-	(57)	-	(57)
Cash dividend paid (including dividend tax thereon)	-	-	-	(176)	-	-	-	(176)	-	(176)
As at March 31, 2012	40,543,923	405	1,876	7,632	4	(219)	49	9,747	-	9,747
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	154,042	2	68	-	-	-	-	70	-	70
Profit for the period	-	-	-	860	-	-	-	860	-	860
Other comprehensive income	-	-	-	-	-	(223)	22	(201)	-	(201)
Compensation cost related to employee share based payment transaction	-	-	-	-	9	-	-	9	-	9
As at June 30, 2012	40,697,965	407	1,944	8,492	13	(442)	71	10,485	-	10,485

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

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

(Rupees in millions, except share data)

Three months ended June 30,

	2012	2011
Cash flow from operating activities		
Profit for the period	860	376
Adjustments for :		
Depreciation & amortisation	159	180
Amortization of stock compensation	29	(35)
Interest expense	4	1
Income tax expense	260	57
Interest / dividend income	(48)	(32)
Gain on sale of available-for-sale financial assets	(12)	(6)
Unrealised exchange difference on derivatives	(54)	(59)
Effect of exchange differences on translation of foreign currency borrowings	14	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(10)	1
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(691)	(553)
Unbilled revenues	31	22
Other assets	(185)	69
Trade payables and accrued expenses	(32)	424
Unearned revenues	29	15
Other liabilities	(232)	(370)
Net cash provided by operating activities before taxes	122	90
Income taxes paid	(170)	(67)
Net cash provided by operating activities	(48)	23
Cash flow from investing activities		
Expenditure on property, plant and equipment	(155)	(76)
Proceeds from sale of property, plant and equipment	2	-
Interest /dividend received from available-for-sale financial assets	45	37
Inter-corporate deposits	-	145
Investments in available-for-sale financial assets	(2,356)	(1,491)
Redemption of available-for-sale financial assets	2,101	1,440
Net cash used in investing activities	(363)	55
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	50	25
Interest paid on loans	(6)	(1)
Proceeds from loans and borrowings	247	-
Repayment of loans and borrowings	(5)	(5)
Net cash provided by financing activities	286	19
Effect of exchange differences on translation of foreign currency cash and cash equivalents	10	(1)
Net increase/ (decrease) in cash and cash equivalents	(115)	96
Cash and cash equivalents at the beginning of the period	477	371
Cash and cash equivalents at the end of the period (Note 8)	362	467

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

MindTree Limited

Notes to the unaudited condensed consolidated interim financial statements

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

1. Company overview

MindTree Limited ('MindTree' or 'the Parent Company') together with its subsidiaries MindTree Software (Shenzhen) Co. Ltd, MindTree Wireless Pte. Ltd, Singapore collectively referred to as 'the Company' or 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into two business units that focus on software development – Information Technology ('IT') Services and Product Engineering ('PE') Services. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. PE Services provides full life cycle product engineering, professional services and sustained engineering services. It also enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing.

The company is 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 and Republic of China. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. These condensed consolidated interim financial statements were authorized for issuance by the Company's board of directors on July 15, 2012.

2. Basis of preparation of financial statements

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements as at and for the three months ended June 30, 2012 have been prepared in accordance with the International Financial Reporting Standards and its interpretations ("IFRS") issued by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

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

They do not include all of the information required for full annual financial statements and should be read in conjunction with the unaudited consolidated financial statements and related notes included in the Company's annual report for the year ended March 31, 2012.

MindTree Limited

Notes to the unaudited condensed consolidated interim financial statements

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

(c) Basis of measurement

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

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

The preparation of unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended March 31, 2012.

3. Significant accounting policies

Please refer to the Company's Annual report for the year ended March 31, 2012 for a discussion on the Company's critical accounting policies.

New standards and interpretations issued but not yet adopted.

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This

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

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 required to adopt IFRS 9 by accounting year commencing April 1, 2015. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, the International Accounting Standards Board issued IFRS 10, IFRS 11 and IFRS 12. The effective date for IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated interim financial statements of the parent company. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The standard provides additional guidance for the determination of control in cases of ambiguity such as franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 11 Joint Arrangements determines the nature of an arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. IFRS 11 addresses only forms of joint arrangements (joint operations and joint ventures) where there is joint control whereas IAS 31 had identified three forms of joint ventures, namely jointly controlled operations, jointly controlled assets and jointly controlled entities. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, which is the equity method.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One major requirement of IFRS 12 is that an entity needs to disclose the significant judgments and assumptions it has made in determining:

MindTree Limited

Notes to the unaudited condensed consolidated interim financial statements

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

- a. whether it has control, joint control or significant influence over another entity; and
- b. the type of joint arrangement when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term 'structured entity' by replacing Special Purpose entities and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

The company will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. The company has evaluated the requirements of IFRS 10, IFRS 11 and IFRS 12 and the company does not believe that the adoption of these standards will have a material effect on its consolidated financial statements.

IFRS 13 Fair Value Measurement: In May 2011, the International Accounting Standards Board issued IFRS 13, Fair Value Measurement to provide specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, and not restricted to financial assets and liabilities. The standard introduces a precise definition of fair value and a consistent measure for fair valuation across assets and liabilities, with a few specified exceptions. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The company is required to adopt IFRS 13 by accounting year commencing April 1, 2013 and is currently evaluating the requirements of IFRS 13, and has not yet determined the impact on the consolidated financial statements.

IAS 1 (Amended) Presentation of Financial Statements: In June 2011, the International Accounting Standard Board published amendments to IAS 1 Presentation of Financial Statements. The amendments to IAS 1 Presentation of Financial Statements require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The company is required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013. The company has evaluated the requirements of IAS 1 (Amended) and the company does not believe that the adoption of IAS 1 (Amended) will have a material effect on its consolidated financial statements.

IAS 19 (Amended) Employee Benefits: In June 2011, International Accounting Standards Board issued IAS 19 (Amended), Employee Benefits. The effective date for adoption of IAS 19 (Amended) is annual periods beginning on or after January 1, 2013, though early adoption is permitted.

IAS 19 (Amended) has eliminated an option to defer the recognition of gains and losses through re-measurements and requires such gain or loss to be recognized through other comprehensive income in the year of occurrence to reduce volatility. The amended standard requires immediate recognition of effects of any plan amendments. Further it also requires assets in profit or loss to be restricted to government bond yields or corporate bond yields, considered for valuation of Projected Benefit Obligation,

MindTree Limited

Notes to the unaudited condensed consolidated interim financial statements

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

irrespective of actual portfolio allocations. The actual return from the portfolio in excess of or less than such yields is recognized through other comprehensive income.

These amendments enhance the disclosure requirements for defined benefit plans by requiring information about the characteristics of defined benefit plans and risks that entities are exposed to through participation in those plans.

The amendments need to be adopted retrospectively. The company is required to adopt IAS 19 (Amended) by accounting year commencing April 1, 2013. The company is currently evaluating the requirements of IAS 19 (Amended) and has not yet determined the impact on the consolidated financial statements.

4. Property, plant and equipment

Particulars	Land	Building	Computer systems*	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2011	97	1,626	1,544	1,959	3	5,229
Additions	-	-	23	24	-	47
Disposal/adjustments	-	-	14	-	1	15
As at June 30, 2011	97	1,626	1,553	1,983	2	5,261
Accumulated depreciation/impairment:						
As at April 1, 2011	3	174	1,221	1,129	1	2,528
Depreciation	-	15	62	100	-	177
Disposal/adjustments	-	-	15	-	1	16
As at June 30, 2011	3	189	1,268	1,229	-	2,689
Capital work-in-progress						40
Net carrying value as at June 30, 2011	94	1,437	285	754	2	2,612
Gross carrying value:						
As at April 1, 2011	97	1,626	1,544	1,959	3	5,229
Additions	-	-	143	138	-	281
Disposal/adjustments	-	-	49	35	1	85
As at March 31, 2012	97	1,626	1,638	2,062	2	5,425
Accumulated depreciation/impairment:						
As at April 1, 2011	3	174	1,221	1,129	1	2,528
Depreciation	1	58	249	369	1	678
Disposal/adjustments	-	-	49	35	-	84
As at March 31, 2012	4	232	1,421	1,463	2	3,122
Capital work-in-progress						85
Net carrying value as at March 31, 2012	93	1,394	217	599	-	2,388
Gross carrying value:						
As at April 1, 2012	97	1,626	1,638	2,062	2	5,425
Additions	-	-	40	3	-	43
Disposal/adjustments	-	-	3	9	-	12
As at June 30, 2012	97	1,626	1,675	2,056	2	5,456
Accumulated depreciation/impairment:						
As at April 1, 2012	4	232	1,421	1,463	2	3,122
Depreciation	-	14	61	81	-	156
Disposal/adjustments	-	-	4	7	-	11
As at June 30, 2012	4	246	1,478	1,537	2	3,267
Capital work-in-progress						215
Net carrying value as at June 30, 2012	93	1,380	197	519	-	2,404

*Computer systems includes software.

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

The depreciation expense for the three months ended June 30, 2012 and June 30, 2011 is included in the following line items in the statement of income.

Particulars	Three months ended June 30,	
	2012	2011
Cost of revenues	142	161
Selling, general and administrative expenses	14	16
Total	156	177

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

5. Intangible assets

The Company has only one class of intangible asset i.e intellectual property and a summary of changes in its carrying value is given below:

Particulars	Intellectual property
Gross carrying value:	
As at April 1, 2011	67
Additions	-
Disposal/adjustments	-
As at June 30, 2011	67
Accumulated amortisation/impairment:	
As at April 1, 2011	12
Amortisation	3
Disposal/adjustments	-
As at June 30, 2011	15
Net carrying value as at June 30, 2011	52
Particulars	Intellectual property
Gross carrying value:	
As at April 1, 2011	67
Additions	-
Disposal/adjustments	-
As at March 31, 2012	67
Accumulated amortisation/impairment:	
As at April 1, 2011	12
Amortisation	13
Disposal/adjustments	-
As at March 31, 2012	25
Net carrying value as at March 31, 2012	42
Particulars	Intellectual property
Gross carrying value:	
As at April 1, 2012	67
Additions	-
Disposal/adjustments	-
As at June 30, 2012	67
Accumulated amortisation/impairment:	
As at April 1, 2012	25
Amortisation	3
Disposal/adjustments	-
As at June 30, 2012	28
Net carrying value as at June 30, 2012	39

The amortisation expense for the three months ended June 30, 2012 and June 30, 2011 is included in the following line items in the statement of income.

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

Particulars	Three months ended June 30,	
	2012	2011
Cost of revenues	3	3
Selling, general and administrative expenses	-	-
Total	3	3

6. Available for sale financial assets

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

Particulars	As at	As at
	June 30, 2012	March 31, 2012
Non-current		
Investment in unlisted equity securities		
Cost	8	8
Gross unrealised holding gains	3	3
Fair value	11	11
Current		
Investment in liquid and short term mutual funds		
Cost	3,018	2,751
Gross unrealised holding gains	85	52
Fair value	3,103	2,803
Total available-for-sale financial assets	3,114	2,814

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 40 and Rs 3 for the three months ending June 30, 2012 and June 30, 2011 respectively.

7. Trade receivables

Particulars	As at	As at
	June 30, 2012	March 31, 2012
Trade receivables	4,815	4,117
Allowance for doubtful accounts receivable	(47)	(40)
Total	4,768	4,077

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****8. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

Particulars	As at June 30, 2012	As at March 31, 2012
Cash balances	-	-
Current and time deposits with banks	418	602
Cash and cash equivalents on statement of financial position	418	602
Book overdrafts used for cash management purposes	(56)	(125)
Cash and cash equivalents in the cash flow statement	362	477

Balance with banks amounting to Rs 4 and Rs 4 as of June 30, 2012 and March 31, 2012 respectively included above represents amount pledged with statutory and other authorities as margin money and unpaid dividends and are therefore restricted.

9. Other assets

Particulars	As at June 30, 2012	As at March 31, 2012
<i>Non-current</i>		
Capital advances	92	102
Security deposits	458	490
Prepaid expenses	187	202
Others	84	-
	821	794
<i>Current</i>		
Interest bearing deposits with corporates	325	325
Prepaid expenses	212	309
Advance to employees	176	150
Advance to suppliers	177	19
Interest accrued and not due	20	17
Deposits	75	34
Others	52	38
	1,037	892
Total	1,858	1,686

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****10. Loans and borrowings**

A summary of loans and borrowings is as follows:

Particulars	As at June 30, 2012	As at March 31, 2012
<i>Non-current</i>		
Unsecured long term loan	22	26
	22	26
<i>Current</i>		
Current portion of unsecured long term loan and borrowings	5	5
Secured bank loans	667	407
Bank overdraft	56	125
	728	537
Total	750	563

11. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following

Particulars	As at June 30, 2012	As at March 31, 2012
Trade payables	133	137
Accrued expenses	584	612
Total	717	749

12. Other liabilities and provisions

Particulars	As at June 30, 2012	As at March 31, 2012
Non-current		
Others	43	43
	43	44
Current		
Interest accrued but not due on borrowings	1	2
Advances from customers	70	69
Employee related liabilities	500	847
Statutory dues payable	237	158
Other liabilities	-	8
	808	1,084
Total	851	1,128
Provisions		
Provision for discount	136	109
Provision for post contract support services	5	5
Others	52	53
Total	193	167

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

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

Particulars	Three months ended June 30,	
	2012	2011
Balance as at beginning of the period	5	5
Provisions made during the period	-	-
Utilisations during the period	-	-
Released during the period	-	-
Provision as at the end of the period	5	5

Provision for discount

Particulars	Three months ended June 30,	
	2012	2011
Balance as at beginning of the period	109	49
Provisions made during the period	42	22
Utilisations during the period	(15)	(4)
Released during the period	-	-
Provision as at the end of the period	136	67

Other provisions

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

Particulars	Three months ended June 30,	
	2012	2011
Balance as at beginning of the period	53	2
Provisions made during the period	-	5
Utilisations during the period	-	-
Released during the period	(1)	-
Provision as at the end of the period	52	7

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****13. Employee benefit obligations**

Employee benefit obligations comprises of following:

Particulars	As at June 30, 2012	As at March 31, 2012
Gratuity	20	1
Compensated absences	248	228
Total	268	229

14. Financial instruments

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

Particulars	As at June 30, 2012	As at March 31, 2012
Designated derivative instruments (Sell)		
In US \$	120	113
In Euro	9	9
Non-designated derivative instruments (Sell)		
In US \$	17	29
In Euro	-	-
Non-designated derivative instruments (Buy)		
In US \$	12	8

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 June 30, 2012	As at June 30, 2011
Balance at the beginning of the period	(250)	81
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	100	(45)
Changes in fair value of effective portion of derivatives	(415)	38
Balance at the end of the period	(565)	74

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

15. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Three months ended June 30,	
	2012	2011
Current taxes		
Domestic	249	57
Foreign	25	16
Total	274	73
Deferred taxes		
Domestic	(13)	(16)
Foreign	(1)	-
Total	(14)	(16)
Grand total	260	57

Income tax expense has been allocated as follows:

Particulars	Three months ended June 30,	
	2012	2011
Income tax expense as per the statement of income	260	57
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	11	-
- gains/(losses) on cash flow hedging derivatives	(92)	1
	<u>(81)</u>	<u>1</u>
Total	179	58

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****16. Expenses by nature**

Particulars	Three months ended June 30,	
	2012	2011
Employee benefits	3,438	2,737
Depreciation and amortisation charges	159	180
Impairment loss on goodwill	-	-
Recruitment, staff welfare and training expenses	83	56
Travel and conveyance	219	256
Communication expenses	75	40
Sub-contractor charges/Outsourced technical services/software purchases	211	139
Consumables/maintenance and repairs	99	110
Power and fuel	53	50
Lease rentals/charges	145	98
Printing and stationery	6	3
Advertisement	2	2
Bank charges	3	1
Rates, taxes and insurance	25	12
Marketing expenses	36	34
Legal and professional expenses	54	55
Provision for doubtful accounts receivable	8	20
Others	20	20
Total cost of revenues, selling, general and administrative expenses	4,636	3,813

17. Employee benefits

Employee costs include

Particulars	Three months ended June 30,	
	2012	2011
Salary and allowances	3,128	2,571
Defined benefit plan - Gratuity cost	28	28
Contribution to provident and other funds	253	173
Share based compensation	29	(35)
Total	3,438	2,737

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

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

Particulars	Three months ended June 30,	
	2012	2011
Cost of revenues	2,872	2,278
Selling, general and administrative expenses	566	460
Total	3,438	2,738

18. Finance and other income

Particulars	Three months ended June 30,	
	2012	2011
Interest income	22	17
Gain on sale of available-for-sale financial assets	12	6
Gain on sale of property, plant and equipment	-	-
Dividend income	26	14
Exchange gain, net	88	91
Others	1	1
Total	149	129

19. Earnings per equity share

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

Particulars	Three months ended June 30, 2012		Three months ended June 30, 2011	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,617,464	40,617,464	40,089,411	40,089,411
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	570,266	-	355,740
Weighted average number of equity shares for calculation of earnings per share	40,617,464	41,187,730	40,089,411	40,445,151

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

List of subsidiary as of June 30, 2012 is given below:

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

Name of related party	Nature of relationship
MindTree Software (Shenzhen) Co Ltd ('MSSL'), Republic of China	Subsidiary
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL') Tanglin Developments Limited ('TDL')	These entities are part of Coffee Day Group which through various entities holds 17.7% equity stake in MindTree, and the group has a nominee on the MindTree Board.
Janalakshmi Financial Services Private Limited	Entity with common key management person

Transactions with the above related parties during the period were:

Name of related party	Nature of transaction	Three months ended June 30,	
		2012	2011
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	2	3
Tanglin Developments Limited	Leasing office buildings and land	79	81

Balances payable to related parties are as follows:

Name of related party	As at June 30, 2012	As at March 31, 2012
MindTree Software (Shenzhen) Co Ltd	3	3
Tanglin Developments Limited	6	6

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)***Balances receivable from related parties are as follows:*

Name of related party	Nature of transactions	As at June 30, 2012	As at March 31, 2012
Tanglin Developments Limited	Rental deposits/ advance returnable on termination of lease	573	345
Janalakshmi Financial Services Private Limited	Interest bearing deposits	125	125

Key management personnel:

Subroto Bagchi	Appointed as Chairman with effect from April 1, 2012
Dr. Albert Hieranimous	Appointed as Non-executive Vice Chairman with effect from April 1, 2012
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Group-CEO-PES
R. Srinivasan	Non-executive Director of MindTree
V.G.Siddhartha	Non-executive Director of MindTree
David B. Yoffie	Non-executive Director of MindTree
Prof. Pankaj Chandra	Non-executive Director of MindTree
Ramesh Ramanathan	Appointed as Non-executive Director of MindTree with effect from May 2, 2012

Transactions with key management personnel is 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 three months ended June 30, 2012 and June 30, 2011 have been detailed below:

Particulars	Three months ended June 30,	
	2012	2011
Whole-time directors		
Salaries	4	4
Contribution to Provident fund	-	-
Bonus & Incentives	7	1
Reimbursement of expenses	1	1
Share-Based payments as per IFRS2	-	-
Total Remuneration	12	6
Non-whole-time directors		
Commission	6	5
Director Fees	-	-
Total Remuneration	6	5

MindTree Limited**Notes to the unaudited condensed consolidated interim financial statements****(Rupees in millions, except share and per share data, unless otherwise stated)****21. Segment information**

The CEO & MD of the company has been identified as the Chief Operating Decision Maker (CODM). 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.

Industry segments for the company are primarily Information Technology ('IT') Services and Product Engineering ('PE') Services.

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:

Consolidated statement of income for the three months ended June 30, 2012	IT Services	PE Services	Total
Revenues	3,875	1,736	5,611
Operating expenses, net	3,092	1,384	4,476
Segmental operating income	783	352	1,135
Unallocable expenses			160
Profit for the year before finance expense, finance and other income and tax			975
Finance expense			(4)
Finance and other income			149
Profit before tax			1,120
Income tax expense			(260)
Profit after tax			860

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

Consolidated statement of income for the three months ended June 30, 2011	IT Services	PE Services	Total
Revenues	2,630	1,488	4,118
Operating expenses, net	2,259	1,374	3,633
Segmental operating income	371	114	485
Unallocable expenses			180
Profit for the year before finance expense, finance and other income and tax			305
Finance expense			(1)
Finance and other income			129
Profit before tax			433
Income tax expense			(57)
Profit after tax			376

Geographical segments

Revenues	Three months ended June 30,	
	2012	2011
America	3,252	2,479
Europe	1,622	941
India	360	355
Rest of World	377	343
Total	5,611	4,118