

**Mindtree Limited**  
**Balance sheet**

	Note	As at December 31, 2014	Rs in million As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1.1	837	417
Reserves and surplus	3.1.2	18,999	15,992
		<u>19,836</u>	<u>16,409</u>
<b>Non-current liabilities</b>			
Long-term borrowings	3.2.1	23	27
Other long-term liabilities	3.2.2	109	129
Long-term provisions	3.2.3	-	39
		<u>132</u>	<u>195</u>
<b>Current liabilities</b>			
Trade payables		214	82
Other current liabilities	3.3.1	3,214	2,737
Short-term provisions	3.3.2	1,571	1,574
		<u>4,999</u>	<u>4,393</u>
		<u>24,967</u>	<u>20,997</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	3.4.1	3,887	3,266
Intangible assets	3.4.1	90	170
Capital work-in-progress		676	496
Non-current investments	3.4.2	22	189
Deferred tax assets (net)	3.4.3	447	402
Long-term loans and advances	3.4.4	684	758
Other non-current assets	3.4.5	1,016	1,039
		<u>6,822</u>	<u>6,320</u>
<b>Current assets</b>			
Current investments	3.5.1	6,273	5,160
Trade receivables	3.5.2	7,145	6,004
Cash and bank balances	3.5.3	2,634	1,175
Short-term loans and advances	3.5.4	686	612
Other current assets	3.5.5	1,407	1,726
		<u>18,145</u>	<u>14,677</u>
		<u>24,967</u>	<u>20,997</u>

Significant accounting policies and notes to the accounts 2&3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

For **Mindtree Limited**

**Supreet Sachdev**

*Partner*

Membership Number: 205385

**Subroto Bagchi**

Chairman

**N. Krishnakumar**

CEO & Managing Director

**Rostow Ramanan**

Chief Financial Officer &  
Executive Director

**Rajesh Srichand Narang**

Company Secretary

Place: Bangalore  
Date : January 19, 2015

Place: Bangalore  
Date : January 19, 2015

**Mindtree Limited**  
**Statement of profit and loss**

Particulars	Note	Rs in million, except share and per share data			
		For the quarter ended		For the nine months ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Revenue from operations		9,117	7,906	26,438	22,079
Other income	3.6	210	(189)	661	792
<b>Total revenues</b>		<b>9,327</b>	<b>7,717</b>	<b>27,099</b>	<b>22,871</b>
<b>Expenses:</b>					
Employee benefits expense	3.7	5,264	4,679	15,334	12,951
Finance costs	3.7	1	1	1	4
Depreciation and amortisation expense	3.4.1	260	208	723	586
Other expenses	3.7	1,987	1,683	5,798	4,794
<b>Total expenses</b>		<b>7,512</b>	<b>6,571</b>	<b>21,856</b>	<b>18,335</b>
<b>Profit before tax</b>		<b>1,815</b>	<b>1,146</b>	<b>5,243</b>	<b>4,536</b>
Tax expense:	3.4.3				
Current tax		385	251	1,212	1,038
Deferred tax		22	7	(45)	(30)
<b>Profit for the period</b>		<b>1,408</b>	<b>888</b>	<b>4,076</b>	<b>3,528</b>
<b>Earnings per equity share</b>	3.17				
Equity shares of par value Rs 10/- each					
Basic		16.81	10.66	48.76	42.43
Diluted		16.74	10.58	48.53	42.18
Weighted average number of equity shares used in computing earnings per share					
Basic		83,680,265	83,195,512	83,587,863	83,141,688
Diluted		84,045,241	83,828,390	83,976,172	83,619,158

Significant accounting policies and notes to the accounts 2&3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

For **Mindtree Limited**

**Supreet Sachdev**  
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**Mindtree Limited**  
**Cash flow statement**

	<b>Rs in million</b>	
	<b>For the nine months ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flow from operating activities</b>		
Profit before tax	5,243	4,536
Adjustments for :		
Depreciation and amortisation	723	586
Amortization of stock compensation cost	146	69
Interest expense	1	4
Interest/ dividend income	(194)	(161)
Profit on sale of fixed assets	(6)	(2)
Profit on sale of investments	(125)	(82)
Exchange difference on derivatives	14	-
Effect of exchange differences on translation of foreign currency borrowings	-	25
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(7)	(51)
Operating profit before working capital changes	<u>5,795</u>	<u>4,924</u>
Changes in trade receivables	(1,141)	(1,678)
Changes in loans and advances and other assets	267	(66)
Changes in liabilities and provisions	<u>689</u>	<u>546</u>
Net cash provided by operating activities before taxes	<u>5,610</u>	<u>3,726</u>
Income taxes paid	<u>(1,146)</u>	<u>(927)</u>
<b>Net cash provided by operating activities</b>	<b><u>4,464</u></b>	<b><u>2,799</u></b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(1,367)	(1,188)
Proceeds from sale of fixed assets	7	2
Interest/ dividend received from investments	150	155
Purchase of investments	(6,500)	(8,457)
Sale/ maturities of investments	<u>5,680</u>	<u>7,926</u>
<b>Net cash used in investing activities</b>	<b><u>(2,030)</u></b>	<b><u>(1,562)</u></b>
<b>Cash flow from financing activities</b>		
Issue of share capital (net of issue expenses paid)	58	36
Interest paid on loans	(1)	(5)
Repayment of borrowings	(4)	(811)
Proceeds from loans	-	564
Dividends paid (including distribution tax)	<u>(1,035)</u>	<u>(681)</u>
<b>Net cash used in financing activities</b>	<b><u>(982)</u></b>	<b><u>(897)</u></b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	7	51
<b>Net increase in cash and cash equivalents</b>	<b>1,459</b>	<b>391</b>
Cash and cash equivalents at the beginning of the period	<u>1,175</u>	<u>1,238</u>
<b>Cash and cash equivalents at the end of the period (Refer note 3.5.3)</b>	<b><u>2,634</u></b>	<b><u>1,629</u></b>

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

For **Mindtree Limited**

**Supreet Sachdev**

Partner

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Place: Bangalore

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## **Mindtree Limited**

### **Significant accounting policies and notes to the accounts**

**For the quarter and nine months ended December 31, 2014**

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

#### **1. Background**

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

The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Malaysia, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium, France, Ireland and Republic of China.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation of financial statements**

These financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by the Securities and exchange Board of India (SEBI).

##### **2.2 Use of estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

## Mindtree Limited

### Significant accounting policies and notes to the accounts (continued)

For the quarter and nine months ended December 31, 2014

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

#### 2.3 Fixed assets and depreciation

- 2.3.1 Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.
- 2.3.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Company.
- 2.3.3 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.
- 2.3.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in-progress.
- 2.3.5 Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Company estimates the useful lives for fixed assets as follows:

<b>Asset classification</b>	<b>Useful life</b>
Buildings	5-30 years
Computer systems	2-3 years
Computer software	2 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Motor vehicles	4 years
Plant and machinery	4 years
Intellectual property	5 years

The Company believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

## **Mindtree Limited**

### **Significant accounting policies and notes to the accounts (continued)**

**For the quarter and nine months ended December 31, 2014**

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

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

#### **2.4 Investments**

- 2.4.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.
- 2.4.2 Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.
- 2.4.3 Profit or loss on sale of investments is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

#### **2.5 Cash and cash equivalents**

Cash and cash equivalents comprise of cash-in-hand and balance in bank in current accounts and deposit accounts.

#### **2.6 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

#### **2.7 Employee benefits**

- 2.7.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by ICICI Prudential Life Insurance Company, SBI Life Insurance Company and Life Insurance Corporation of India. Actuarial gains and losses are charged to the statement of profit and loss.
- 2.7.2 Compensated absences are a long-term employee benefit and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.
- 2.7.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

## **Mindtree Limited**

### **Significant accounting policies and notes to the accounts (continued)**

**For the quarter and nine months ended December 31, 2014**

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

#### **2.8 Revenue recognition**

2.8.1 The Company derives its revenues primarily from software services. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Maintenance revenue is recognised ratably over the period of the maintenance contract.

2.8.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers. Revenues are stated net of discount.

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

2.8.4 Interest income is recognised using the time proportion method, based on the transactional interest rates.

#### **2.9 Foreign exchange transactions**

2.9.1 The Company is exposed to foreign currency transactions including foreign currency revenues, receivables and borrowings. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts and other derivative instruments.

2.9.2 Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the statement of profit and loss for the period.

2.9.3 Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## **Mindtree Limited**

### **Significant accounting policies and notes to the accounts (continued)**

**For the quarter and nine months ended December 31, 2014**

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

- 2.9.4 In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the statement of profit and loss.
- 2.9.5 Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/ fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.
- 2.9.6 For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, the Company has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/ gain is debited/ credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/ gain is debited/ credited to statement of profit and loss.

#### **2.10 Warranties**

Warranty costs (i.e. post contract support services) are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of recognition of revenue.

#### **2.11 Provision and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

**2.12 Taxation**

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company. Deferred tax charge or credit are recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing difference originate. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain to be realised.

Minimum alternate tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet if there is a convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. MAT credit entitlement can be carried forward and utilized for a period of ten years from the period in which such credit is availed.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**2.13 Earnings per share**

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the period. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

## **Mindtree Limited**

### **Significant accounting policies and notes to the accounts (continued)**

**For the quarter and nine months ended December 31, 2014**

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

#### **2.14 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised. In respect of goodwill, impairment loss will be reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

#### **2.15 Employee stock based compensation**

The Company measures the compensation cost relating to stock options, restricted shares and phantom stock options using the intrinsic value method. The compensation cost is amortised over the vesting/ service period.

#### **2.16 Government grants**

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

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

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss 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 Company 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.

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3. Notes to the accounts**

**3.1 Shareholders' funds**

**3.1.1 Share capital**

a)

Particulars	As at	
	December 31, 2014	March 31, 2014
<b>Authorised</b>		
800,000,000 (March 31, 2014: 79,620,000) equity shares of Rs 10/- each	8,000	796
<b>Issued, subscribed and paid-up capital</b>		
83,703,648 (March 31, 2014: 41,689,731) equity shares of Rs 10/- each fully paid	837	417
<b>Total</b>	<b>837</b>	<b>417</b>

- b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

Particulars	As at			
	December 31, 2014		March 31, 2014	
	No of shares	Rs	No of shares	Rs
Number of shares outstanding at the beginning of the period	41,689,731	417	41,535,055	415
Add: Shares issued on exercise of employee stock options and restricted shares	248,256	2	154,676	2
Add: Bonus shares issued *	41,765,661	418	-	-
Number of shares outstanding at the end of the period	83,703,648	837	41,689,731	417

\*Refer note 3.1.1 (e).

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

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 and foreign currency. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

The Board of Directors at its meeting held on October 15, 2014 recommended an interim dividend of 30% (Rs 3 per equity share of par value Rs 10/- each) for the quarter ended September 30, 2014. Further, the Board of Directors at its meeting held on January 19, 2015 have recommended an interim dividend of 40% (Rs 4 per equity share of par value Rs 10/- each) for the quarter ended December 31, 2014.

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs 25 per equity share.

## Mindtree Limited

### Significant accounting policies and notes to the accounts (continued)

For the quarter and nine months ended December 31, 2014

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

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.

- d) Equity shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the period is as given below:

Sr. No.	Name of the shareholder	As at December 31, 2014		As at March 31, 2014	
		Number of shares	%	Number of shares	%
1	Coffee Day Enterprises Private Limited	8,730,884	10.4%	4,365,442	10.5%
2	Nalanda India Fund Limited	7,898,178	9.4%	3,949,089	9.5%
3	Global Technology Ventures Limited	5,297,122	6.3%	2,648,561	6.4%

- e) In the period of five years immediately preceding December 31, 2014:
- The Company has allotted 41,765,661 fully paid up equity shares during the quarter ended June 30, 2014 pursuant to 1:1 bonus share issue approved by shareholders. Consequently, options/ units granted under the various employee share based plans are adjusted for bonus share issue.
  - The Company has not bought back any class of equity shares.
  - The Company has allotted a total of 1,300,965 equity shares as fully paid up without payment being received in cash. These shares were allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation during the financial year ended March 31, 2010.

#### f) Employee stock based compensation

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('the Board'). The Company currently administers seven stock option programs, a restricted stock purchase plan and a phantom stock option plan.

##### *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. There are no options outstanding as at the reporting date.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)*****Program 2 [ESOP 2001]***

Options under this program have been granted to employees at an exercise price of Rs 50 per option (Rs 25 per option post bonus issue). 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.

<b>Particulars</b>	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Outstanding options, beginning of the period	35,448*	40,420	54,777*	47,918
Granted during the period	-	-	-	-
Exercised during the period	6,386	6,008	23,991	10,536
Lapsed during the period	-	501	1,724	3,471
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	<b>29,062</b>	<b>33,911</b>	<b>29,062</b>	<b>33,911</b>
Options vested and exercisable, end of the period	29,062	33,911	29,062	33,911

\*Adjusted for bonus issue. Refer note 3.1.1 (e)

***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. There are no options outstanding as at the reporting dates.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)*****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.

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Outstanding options, beginning of the period	118,000*	247,300	213,750*	304,650
Granted during the period	-	-	-	-
Exercised during the period	29,000	27,759	77,000	44,509
Lapsed during the period	-	-	-	20,350
Forfeited during the period	-	44,600	47,750	64,850
Outstanding options, end of the period	<b>89,000</b>	<b>174,941</b>	<b>89,000</b>	<b>174,941</b>
Options vested and exercisable, end of the period	89,000	91,041	89,000	91,041

\*Adjusted for bonus issue. Refer note 3.1.1 (e)

***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 option is entitled to 1 equity share of Rs 10 each.

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Outstanding options, beginning of the period	139,510*	103,627	168,295*	108,248
Granted during the period	-	-	-	-
Exercised during the period	22,144	14,196	47,657	16,752
Lapsed during the period	30,654	-	33,926	2,065
Forfeited during the period	-	-	-	-
Outstanding options, end of the period	<b>86,712</b>	<b>89,431</b>	<b>86,712</b>	<b>89,431</b>
Options vested and exercisable, end of the period	86,712	89,431	86,712	89,431

\*Adjusted for bonus issue. Refer note 3.1.1 (e)

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)*****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.

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Outstanding options, beginning of the period	40,000*	125,000	75,000*	135,000
Granted during the period	-	-	-	-
Exercised during the period	-	-	35,000	10,000
Lapsed during the period	-	10,000	-	10,000
Forfeited during the period	-	25,000	-	25,000
Outstanding options, end of the period	<b>40,000</b>	<b>90,000</b>	<b>40,000</b>	<b>90,000</b>
Options vested and exercisable, end of the period	26,666	76,667	26,666	76,667

\*Adjusted for bonus issue. Refer note 3.1.1 (e)

***Program 7 [ESOP 2010A]***

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received by the Company from the BSE and NSE for 1,135,000 equity shares of Rs 10 each. No options have been granted under the program as at December 31, 2014.

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

ERSP 2012 was instituted with effect from July 16, 2012 to issue 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 determined by the Compensation Committee. Shares shall vest over such term as determined by the Compensation Committee 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.

Particulars	Quarter ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Outstanding shares, beginning of the period	-	-	-	-
Granted during the period	7,208	2,703	69,286	11,094
Exercised during the period	2,530	949	64,608	9,340
Lapsed during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding shares, end of the period	<b>4,678</b>	<b>1,754</b>	<b>4,678</b>	<b>1,754</b>
Shares vested and exercisable, end of the period	4,678	1,754	4,678	1,754

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

During the period ended December 31, 2014, 69,286 equity shares were granted by the Company under Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012')

The weighted average fair value of each unit under the above mentioned ERSP 2012 plan, granted during the period was Rs 840 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	Rs 851
Weighted average exercise price	Rs 10
Dividend yield %	0.31%
Expected life	1-2 years
Risk free interest rate	8.53%
Volatility	84.99%

The Company has also granted phantom stock options and letter of intent to issue shares under ERSP 2012 plan to certain employees which is subject to certain vesting conditions. Details of the grant/issue as at December 31, 2014 are given below:

<b>Particulars</b>	<b>Phantom stock options plan*</b>	<b>ERSP 2012 plan*</b>
Total no. of units/ shares	765,000	230,000
Vested units/ shares	100,980	28,248
Lapsed units/ shares	13,770	3,852
Forfeited units/ shares	-	16,000
Cancelled units/ shares (Refer note below)	497,250	-
Outstanding units/ shares as at the end of the period	153,000	181,900
Contractual life	2 years	5 years
Date of grant	18-Jul-13	18-Jul-13**
Price per share/ unit	Grant price of Rs 455	Exercise price of Rs 10**

\*Adjusted for bonus issue. Refer note 3.1.1 (e).

\*\*Based on Letter of Intent

During the nine months ended December 31, 2014, the Phantom stock units which were expected to vest during the financial years 2015-16 and 2016-17 have been cancelled by the Company. As a result of the cancellation of these units, the Company has reversed the stock based compensation recorded in earlier periods/ years of Rs 57 in the statement of profit and loss for the nine months ended December 31, 2014.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

The following table summarizes information about the weighted average exercise price of options/ shares exercised under various programs:

Particulars	Amount in Rs			
	Quarter ended December 31,		Nine months ended December 31,	
	2014	2013	2014*	2013
Program 1	-	-	-	-
Program 2	25.00	50.00	31.44	50.00
Program 3	-	-	-	-
Program 4	262.50	501.43	356.42	506.01
Program 5	174.44	433.86	199.03	403.82
DSOP 2006	-	-	560.00	560.00
ERSP 2012	10.00	10.00	10.00	10.00

\*Exercise price is adjusted post bonus issue.

The following tables summarize information about the options/ shares outstanding under various programs as at December 31, 2014 and March 31, 2014 respectively:

Particulars	As at December 31, 2014		
	Number of options/ shares*	Weighted average remaining contractual life (in years)	Weighted average exercise price* (in Rs)
Program 1	-	-	-
Program 2	29,062	0.72	25.00
Program 3	-	-	-
Program 4	89,000	0.51	268.43
Program 5	86,712	2.56	216.18
DSOP 2006	40,000	1.34	278.00
ERSP 2012	4,678	0.08	10.00

\*Adjusted for bonus issue. Refer note 3.1.1 (e).

Particulars	As at March 31, 2014		
	Number of options/ shares	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
ERSP 2012	-	-	-

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

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

Had stock based compensation been determined under the fair value approach described in the Guidance Note on, “Accounting for employee share based payments” issued by ICAI, the Company’s net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

<b>Particulars</b>	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net profit as reported	1,408	888	4,076	3,528
Add: Stock-based employee compensation expense (intrinsic value method)	51	45	146	69
Less: Stock-based employee compensation expense (fair value method)	(62)	(14)	(151)	28
Pro forma net profit	1,397	919	4,071	3,625
Basic earnings per share as reported	16.81	10.66	48.76	42.43
Pro forma basic earnings per share	16.70	11.03	48.70	43.60
Diluted earnings per share as reported	16.74	10.58	48.53	42.18
Pro forma diluted earnings per share	16.62	10.95	48.48	43.35

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.1.2 Reserves and surplus**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>Capital reserve</i>		
Opening balance	87	87
	<b>87</b>	<b>87</b>
<i>Securities premium reserve</i>		
Opening balance	2,208	2,125
Additions during the period on exercise of employee stock options/ restricted shares	98	83
Less: Amount utilised for bonus shares	(418)	-
	<b>1,888</b>	<b>2,208</b>
<i>General reserve</i>		
Opening balance	1,542	1,091
Add: Transfer from statement of profit and loss	-	451
	<b>1,542</b>	<b>1,542</b>
<i>Share option outstanding account</i>		
Opening balance	68	48
Additions during the period	6	20
	<b>74</b>	<b>68</b>
<i>Hedge reserve</i>		
Opening balance	49	173
Movement during the period	(49)	(124)
	<b>-</b>	<b>49</b>
<i>Surplus (Balance in the statement of profit and loss)</i>		
Opening balance	12,038	9,198
Add: Amount transferred from statement of profit and loss	4,076	4,512
Amount available for appropriations	16,114	13,710
Appropriations:		
Interim dividend	(586)	(624)
Final dividend*	(1)	(417)
Dividend distribution tax	(119)	(180)
Amount transferred to general reserve	-	(451)
	<b>15,408</b>	<b>12,038</b>
<b>Total</b>	<b>18,999</b>	<b>15,992</b>

\*Includes special dividend as at March 31, 2014.

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.2 Non-current liabilities**

**3.2.1 Long-term borrowings**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>(Unsecured)</i>		
Other loans and advances	23	27
<b>Total</b>	<b>23</b>	<b>27</b>

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 from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

There is no continuing default in the repayment of the principal loan and interest amounts.

**3.2.2 Other long-term liabilities**

Particulars	As at December 31, 2014	As at March 31, 2014
Other long-term liabilities	109	97
Employee related liabilities	-	32
<b>Total</b>	<b>109</b>	<b>129</b>

**3.2.3 Long-term provisions**

Particulars	As at December 31, 2014	As at March 31, 2014
Provision for discount	-	39
<b>Total</b>	<b>-</b>	<b>39</b>

Refer note 3.3.2 for the disclosure of provisions movement as required under the provisions of Accounting Standard – 29 ‘Provisions, Contingent Liabilities and Contingent Assets’ (‘AS 29’).

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.3 Current liabilities**

**3.3.1 Other current liabilities**

Particulars	As at	As at
	December 31, 2014	March 31, 2014
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	-	1
Unearned income	219	100
Unpaid dividends	5	4
Creditors for capital goods	157	175
Advances from customers	80	103
Employee related liabilities	1,468	1,264
Book overdraft	32	85
Other liabilities**	1,248	1,000
<b>Total</b>	<b>3,214</b>	<b>2,737</b>

\*The details of interest rates, repayment and other terms are disclosed under note 3.2.1.

\*\*Includes derivative liability of Rs 23 (As at March 31, 2014: Rs 44).

As at December 31, 2014, the Company has outstanding forward contracts amounting to USD 30 million (As at March 31, 2014: USD 47.5 million), GBP 2.25 million (As at March 31, 2014: Nil) and Euro 4.5 million (As at March 31, 2014: Euro 5 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, those forward contracts which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain/ (loss) has been credited/ (debited) to hedge reserve (Refer Note 3.1.2). Other derivative instruments have been fair valued at the balance sheet date and resultant exchange loss of Rs 7 and Rs 14 for the quarter and nine months ended December 31, 2014 respectively (for the quarter and nine months ended December 31, 2013: Nil) has been recorded in the statement of profit and loss.

**3.3.2 Short-term provisions**

Particulars	As at	As at
	December 31, 2014	March 31, 2014
Provision for employee benefits		
- Gratuity	50	2
- Compensated absences	346	320
Provision for taxes, net of advance tax and tax deducted at source	251	219
Provision for discount	448	231
Dividend payable	335	626
Dividend distribution tax payable	68	106
Provision for foreseeable losses on contracts	-	3
Provision for post contract support services	6	4
Provision for disputed dues*	67	63
<b>Total</b>	<b>1,571</b>	<b>1,574</b>

\*Represents disputed tax dues provided pursuant to unfavourable order received from the tax authorities against which the Company has preferred an appeal with the relevant authority. In respect of the provisions of AS 29, the disclosures required have not been provided in accordance with paragraph 72 of AS 29.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

The following table sets out the status of the gratuity plan as required under AS 15-Employee Benefits.

Particulars	As at December 31, 2014	As at March 31, 2014
<b>Change in projected benefit obligations</b>		
Obligations at the beginning of the period	365	324
Service cost	61	74
Interest cost	22	26
Benefits settled	(40)	(36)
Actuarial (gain)/ loss	(15)	(23)
<b>Obligations at end of the period</b>	<b>393</b>	<b>365</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the period, at fair value	363	313
Expected return on plan assets	20	26
Actuarial gain/ (loss)	-	-
Contributions	-	60
Benefits settled	(40)	(36)
<b>Plan assets at the end of the period, at fair value</b>	<b>343</b>	<b>363</b>

**Reconciliation of the present value of the obligation and the fair value of the plan assets**

Particulars	As at December 31, 2014	As at March 31, 2014 2013 2012 2011			
Fair value of plan assets at the end of the period	343	363	313	275	257
Present value of defined obligations at the end of the period	(393)	(365)	(324)	(276)	(265)
<b>Asset/ (liability) recognised in the balance sheet</b>	<b>(50)</b>	<b>(2)</b>	<b>(11)</b>	<b>(1)</b>	<b>(8)</b>

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
<b>Gratuity cost</b>				
Service cost	20	27	61	46
Interest cost	7	7	22	20
Expected return on plan assets	(6)	(5)	(20)	(17)
Actuarial (gain)/loss	16	(2)	(15)	(3)
<b>Net gratuity cost</b>	<b>37</b>	<b>27</b>	<b>48</b>	<b>46</b>
Actual return on plan assets	3	7	20	20
<b>Assumptions</b>				
Interest rate	8.10%	8.83%	8.10%	8.83%
Expected rate of return on plan assets	8.00%	7.50%	8.00%	7.50%
Salary increase	6.00%	6.00%	6.00%	6.00%
Attrition rate	14.23%	12.06%	14.23%	12.06%
Retirement age	60	60	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 disclosure of provisions movement as required under the provisions of AS 29 is as follows:-

**Provision for post contract support services**

Particulars	For the quarter ended December 31,		For the nine months ended December 31,		For the year ended March 31, 2014
	2014	2013	2014	2013	
Balance at the beginning of the period	4	4	4	3	3
Provisions made during the period	2	-	3	1	1
Utilisations during the period	-	-	-	-	-
Released during the period	-	-	(1)	-	-
Provision at the end of the period	6	4	6	4	4

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****Provision for discount**

Particulars	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
Balance at the beginning of the period	390	257	270	145	145
Provisions made during the period	83	73	290	222	290
Utilisations during the period	(23)	(69)	(109)	(98)	(154)
Released during the period	(2)	(1)	(3)	(9)	(11)
Provision at the end of the period	448	260	448	260	270
Current	448	230	448	230	231
Non-current	-	30	-	30	39

**Provision for foreseeable losses on contracts**

Particulars	For the quarter ended		For the nine months ended		For the year ended
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
Balance at the beginning of the period	-	-	3	-	-
Provisions made during the period	-	3	-	3	3
Released during the period	-	-	(3)	-	-
Provision at the end of the period	-	3	-	3	3

The current provisions are expected to be utilized over a period of one year and the non-current provisions are expected to be utilized over a period of two to three years.

## Mindtree Limited

### Significant accounting policies and notes to the accounts

For the quarter and nine months ended December 31, 2014

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

### 3.4 Non-current assets

#### 3.4.1 Fixed assets

Assets	Gross block			Accumulated depreciation				Net book value		
	As at April 1, 2014	Additions during the period	Deletions during the period	As at December 31, 2014	As at April 1, 2014	For the period	Deletions during the period	As at December 31, 2014	As at December 31, 2014	As at March 31, 2014
<b>Tangible assets</b>										
Leasehold land	425	-	-	425	83	9	-	92	333	342
Buildings	1,911	198	-	2,109	348	48	-	396	1,713	1,563
Leasehold/ Building improvements	1,602	331	1	1,932	1,037	148	1	1,184	748	565
Computer systems	1,570	407	102	1,875	1,085	296	101	1,280	595	485
Test equipment	218	-	1	217	217	1	1	217	-	1
Furniture and fixtures	191	36	5	222	157	9	5	161	61	34
Electrical installations	360	114	4	470	256	46	4	298	172	104
Office equipment	600	127	24	703	436	57	24	469	234	164
Motor vehicles	2	26	1	27	1	3	1	3	24	1
Plant and machinery	8	-	-	8	1	-	-	1	7	7
<b>Total (A)</b>	<b>6,887</b>	<b>1,239</b>	<b>138</b>	<b>7,988</b>	<b>3,621</b>	<b>617</b>	<b>137</b>	<b>4,101</b>	<b>3,887</b>	<b>3,266</b>
<b>Intangible assets</b>										
Intellectual property	67	-	-	67	52	10	-	62	5	15
Computer Software	892	26	65	853	737	96	65	768	85	155
<b>Total (B)</b>	<b>959</b>	<b>26</b>	<b>65</b>	<b>920</b>	<b>789</b>	<b>106</b>	<b>65</b>	<b>830</b>	<b>90</b>	<b>170</b>
<b>Total (A+B)</b>	<b>7,846</b>	<b>1,265</b>	<b>203</b>	<b>8,908</b>	<b>4,410</b>	<b>723</b>	<b>202</b>	<b>4,931</b>	<b>3,977</b>	<b>3,436</b>
Previous year	6,407	1,657	218	7,846	3,818	809	217	4,410	3,436	

**Mindtree Limited****Significant accounting policies and notes to the accounts****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated).****3.4.2 Non-current investments**

Particulars	As at	As at
	December 31, 2014	March 31, 2014
Investment in mutual funds (quoted)	-	168
Trade investments (unquoted)		
- Investment in equity instruments	16	15
- Investment in preference shares	7	7
Less: Provision for diminution in value of investments	(1)	(1)
<b>Total</b>	<b>22</b>	<b>189</b>
Aggregate amount of quoted investments	-	168
Aggregate market value of quoted investments	-	170
Aggregate amount of unquoted investments	23	22

Details of investment in mutual funds are as given below:

Particulars	As at December 31, 2014		As at March 31, 2014	
	No of units	Amount	No of units	Amount
Tata Mutual Fund	-	-	4,000,000	40
Reliance Mutual Fund	-	-	2,850,000	28
UTI Mutual Fund	-	-	10,000,000	100
<b>Total</b>				<b>168</b>

Details of investment in equity instruments are as given below:

Particulars	As at	As at
	December 31, 2014	March 31, 2014
2,400 (previous year: 2,400) equity shares in Career Community.com Limited	1	1
12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited	-	-
950,000 (previous year: Nil) equity shares of Re.1 each in NuvePro Technologies Private Limited	1	-
Investment in wholly owned subsidiary - Mindtree Software (Shanghai) Co., Ltd ('MSSCL')	14	14
<b>Total</b>	<b>16</b>	<b>15</b>

Details of investment in preference shares are as given below:

Particulars	As at	As at
	December 31, 2014	March 31, 2014
643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$ 0.2557 each in 30 Second Software Inc	7	7
<b>Total</b>	<b>7</b>	<b>7</b>

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.4.3 Taxes**

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Tax expense				
Current tax	385	251	1,212	1,038
Deferred tax	22	7	(45)	(30)
<b>Total</b>	<b>407</b>	<b>258</b>	<b>1,167</b>	<b>1,008</b>

The Company has units at Bangalore, Hyderabad and Chennai registered as Special Economic Zone (SEZ) units which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

The Company also has STPI units at Bangalore and Pune which are registered as a 100 percent Export Oriented Unit, which were earlier entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961.

**Deferred tax assets (net):**

Deferred tax assets included in the balance sheet comprises the following:

Particulars	As at	As at
	December 31, 2014	March 31, 2014
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	206	213
Provision for doubtful debts	28	31
Provision for compensated absence	111	100
Provision for volume discount	38	29
Others	64	29
<b>Total deferred tax assets</b>	<b>447</b>	<b>402</b>

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****3.4.4 Long-term loans and advances**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>(Unsecured considered good)</i>		
Capital advances	140	136
Security deposits*	544	512
Advances recoverable in cash or in kind or for value to be received*	-	110
<b>Total</b>	<b>684</b>	<b>758</b>

\*Refer note 3.15 for related party balances.

**3.4.5 Other non-current assets**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>(Unsecured considered good)</i>		
Advance tax and tax deducted at source, net of provision for taxes	822	853
MAT credit entitlement	133	160
Other non-current assets	61	26
<b>Total</b>	<b>1,016</b>	<b>1,039</b>

**3.5 Current assets****3.5.1 Current investments**

Particulars	As at December 31, 2014	As at March 31, 2014
Investment in mutual funds (quoted)	5,573	4,760
Term deposits	700	400
<b>Total</b>	<b>6,273</b>	<b>5,160</b>
Aggregate amount of quoted investments	5,573	4,760
Aggregate market value of quoted investments	5,823	4,912
Aggregate amount of unquoted investments	700	400

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

Details of investment in mutual funds are as given below:

Particulars	As at December 31, 2014		As at March 31, 2014	
	No of units	Amount	No of units	Amount
ICICI Prudential Mutual Fund	39,350,043	504	36,627,677	366
IDFC Mutual Fund	37,446,957	380	36,124,257	365
UTI Mutual Fund	18,513,970	250	27,011,640	193
HSBC Mutual Fund	285,312	285	79,974	80
Franklin Templeton Mutual Fund	28,269,162	417	26,910,401	449
DSP Blackrock Mutual Fund	34,379,768	449	41,938,435	419
Birla Sun Life Mutual Fund	43,102,250	503	44,008,990	440
Reliance Mutual Fund	30,813,439	402	34,640,032	367
Tata Mutual Fund	36,186,583	422	32,316,197	306
DWS Mutual Fund	7,548,764	177	15,626,078	156
SBI Mutual Fund	13,940,700	511	25,554,712	315
HDFC Mutual Fund	43,256,810	435	51,091,613	513
Axis Mutual Fund	87,740	88	103,111	103
Kotak Mutual Fund	5,611,958	57	5,305,892	54
JP Morgan Mutual Fund	20,218,896	202	20,253,910	203
Sundaram Mutual Fund	15,198,367	154	10,462,576	106
Pinebridge Mutual Fund	-	-	29,641	30
L & T Mutual Fund	181,398	184	140,743	142
IDBI Mutual Fund	153,058	153	152,373	153
<b>Total</b>		<b>5,573</b>		<b>4,760</b>

Details of investments in term deposit are as given below:

Particulars	As at	As at
	December 31, 2014	March 31, 2014
HDFC Limited	700	400
<b>Total</b>	<b>700</b>	<b>400</b>

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.5.2 Trade receivables**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>(Unsecured)</i>		
Debts overdue for a period exceeding six months		
- considered good	98	95
- considered doubtful	78	131
Other debts		
- considered good	7,047	5,909
- considered doubtful	32	5
Less: Provision for doubtful debts	(110)	(136)
<b>Total</b>	<b>7,145</b>	<b>6,004</b>

**3.5.3 Cash and bank balances**

Particulars	As at December 31, 2014	As at March 31, 2014
Balances with banks in current and deposit accounts <sup>^</sup> *	2,629	1,171
Cash on hand	-	-
Other bank balances**	5	4
<b>Total</b>	<b>2,634</b>	<b>1,175</b>

<sup>^</sup>The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

\* Balances with banks include the following:

Particulars	As at December 31, 2014	As at March 31, 2014
Balance with banks held as margin money towards guarantees	-	1

\*\*Other bank balances represent balances in respect of unpaid dividends and are considered restricted in nature.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****3.5.4 Short-term loans and advances**

Particulars	As at December 31, 2014	As at March 31, 2014
<i>(Unsecured considered good)</i>		
Advances recoverable in cash or in kind or for value to be received*	708	627
Less: Provision for doubtful advances	(22)	(15)
<b>Total</b>	<b>686</b>	<b>612</b>

\*Refer note 3.15 for related party balances.

**3.5.5 Other current assets**

Particulars	As at December 31, 2014	As at March 31, 2014
Unbilled revenue	911	1,014
MAT credit entitlement	24	-
Other current assets*	472	712
<b>Total</b>	<b>1,407</b>	<b>1,726</b>

\*Includes derivative asset of Rs 8 (As at March 31, 2014: Rs 93).

**3.6 Other income**

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Interest income	50	15	81	51
Dividend income	41	41	113	110
Net gain on sale of investments	26	24	125	82
Foreign exchange gain/ (loss)	70	(272)	309	544
Other non-operating income	23	3	33	5
<b>Total</b>	<b>210</b>	<b>(189)</b>	<b>661</b>	<b>792</b>

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.7 Expenses**

Employee benefits expense	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Salaries and wages	4,706	4,225	13,833	11,761
Contribution to provident and other funds	456	373	1,225	1,020
Expense on employee stock based compensation*	51	45	146	69
Staff welfare expenses	51	36	130	101
<b>Total</b>	<b>5,264</b>	<b>4,679</b>	<b>15,334</b>	<b>12,951</b>

  

Finance costs	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Interest expense	1	1	1	4
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>

  

Other expenses	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Travel expenses	422	358	1,338	1,121
Communication expenses	113	107	312	280
Sub-contractor charges	559	394	1,549	1,004
Computer consumables	106	81	314	243
Legal and professional charges	104	87	351	300
Power and fuel	67	59	211	193
Rent (Refer note 3.16)	159	131	470	405
Repairs to buildings	7	12	29	29
Repairs to machinery	9	11	24	23
Insurance	15	10	38	26
Rates and taxes	25	26	65	55
Other expenses	401	407	1,097	1,115
<b>Total</b>	<b>1,987</b>	<b>1,683</b>	<b>5,798</b>	<b>4,794</b>

\*Refer note 3.1.1 (f)

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
**(Rupees in millions, except share and per share data, unless otherwise stated)**

**3.8 Contingent liabilities and commitments**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2014 is Rs 646 (March 31, 2014: Rs 854).
- b) The Company has received an income tax assessment for the financial year 2008-09 wherein demand of Rs 24 has been raised against the Company on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Company and disallowance of portion of profit earned outside India from the STP and SEZ units.

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

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

- c) The Company has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary Mindtree Technologies Private Limited (MTPL) with demands amounting to Rs 11 and Rs 10 on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.
- d) The Company has received income tax assessments under Section 143(3) of the Income-tax Act 1961 pertaining to erstwhile subsidiary Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 wherein demand of Rs 91, Rs 49, Rs 61, Rs 28, Rs 58, Rs 119, Rs 214 and Rs 63 respectively has been raised against the Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and has been advised by its legal counsel/ advisors to prefer appeals before appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Company has deposited Rs 15 with the department against these demands. The department has adjusted pending refunds amounting to Rs 450 against these demands.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

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

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

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

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

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

- f) The Company has received a final assessment order for financial year 2009-10 from the Deputy Commissioner of Income Tax with a demand amounting to Rs 61 due to non-adjustment of brought forward losses and transfer pricing adjustments. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal with Commissioner of Income Tax (Appeals).

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****3.9 Quantitative details**

The Company is engaged in software development services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 5(viii)(c) of general instructions for preparation of the statement of profit and loss as per Schedule III to the Companies Act, 2013.

**3.10 Value of imports on CIF basis**

<b>Particulars</b>	<b>For the quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Capital goods	41	35
<b>Total</b>	<b>41</b>	<b>35</b>

<b>Particulars</b>	<b>For the nine months ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Capital goods	211	277
<b>Total</b>	<b>211</b>	<b>277</b>

**3.11 Expenditure in foreign currency**

<b>Particulars</b>	<b>For the quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Branch office expenses	4,841	2,878
Travel expenses	66	77
Professional charges	6	7
Others	63	89
<b>Total</b>	<b>4,976</b>	<b>3,051</b>

<b>Particulars</b>	<b>For the nine months ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Branch office expenses	11,663	8,258
Travel expenses	182	189
Professional charges	48	15
Others	235	180
<b>Total</b>	<b>12,128</b>	<b>8,642</b>

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
(Rupees in millions, except share and per share data, unless otherwise stated)

**3.12 Earnings in foreign currency**

<b>Particulars</b>	<b>For the quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Income from software development	8,829	7,615
Other income	2	1
<b>Total</b>	<b>8,831</b>	<b>7,616</b>

<b>Particulars</b>	<b>For the nine months ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Income from software development	25,671	21,419
Other income	5	2
<b>Total</b>	<b>25,676</b>	<b>21,421</b>

**3.13** During the quarter and nine months ended December 31, 2014, the Company has remitted in foreign currency dividend of Rs 6 and Rs 22 respectively (quarter and nine months ended December 31, 2013: Rs 6 and Rs 16 respectively)

<b>Particulars</b>	<b>For the quarter ended December 31, 2014</b>	<b>For the quarter ended December 31, 2013</b>
Number of shares held	1,870,871	1,098,098
Number of shareholders	52	50
Amount remitted (in Rs)	6 million	6 million
Year to which dividend relates	First interim dividend 2014-15	First interim dividend 2013-14

**Mindtree Limited**  
**Significant accounting policies and notes to the accounts (continued)**  
**For the quarter and nine months ended December 31, 2014**  
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Particulars	For the nine months ended December 31, 2014	For the nine months ended December 31, 2013
<b>Number of shares held</b>		
Final dividend 2012-13	-	1,124,402
Second interim dividend 2012-13	-	1,125,384
First interim dividend 2013-14	-	1,098,098
Third interim dividend 2013-14	1,119,693	-
Final and special dividend 2013-14	2,150,288	-
First interim dividend 2014-15	1,870,871	-
<b>Number of shareholders</b>		
Final dividend 2012-13	-	79
Second interim dividend 2012-13	-	78
First interim dividend 2013-14	-	50
Third interim dividend 2013-14	53	-
Final and special dividend 2013-14	51	-
First interim dividend 2014-15	52	-
<b>Amount Remitted (in Rs)</b>		
Final dividend 2012-13	-	5 million
Second interim dividend 2012-13	-	5 million
First interim dividend 2013-14	-	6 million
Third interim dividend 2013-14	6 million	-
Final and special dividend 2013-14	10 million	-
First interim dividend 2014-15	6 million	-

### 3.14 Segmental reporting

The Company is structured into five verticals – RCM, BFSI, HTMS, TH and Others. During the period, the Company has classified results of Media Services in HTMS. The results were previously classified with TH segment. Accordingly, as required by the accounting standards, comparatives have been restated and presented in line with the current segments. The Company considers business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such expenses

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible.

**Business segments**

<b>Statement of profit and loss</b>	<b>For the quarter ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Segment revenue</b>		
RCM	2,020	1,700
BFSI	2,141	1,844
HTMS	2,985	2,489
TH	1,479	1,278
Others	492	595
<b>Total</b>	<b>9,117</b>	<b>7,906</b>
<b>Segment operating income</b>		
RCM	396	401
BFSI	327	122
HTMS	675	594
TH	286	190
Others	187	237
<b>Total</b>	<b>1,871</b>	<b>1,544</b>
Unallocable expenses	(265)	(208)
<b>Profit for the period before interest, other income and tax</b>	<b>1,606</b>	<b>1,336</b>
Interest expense	(1)	(1)
Other income	210	(189)
<b>Net profit before taxes</b>	<b>1,815</b>	<b>1,146</b>
Income taxes	(407)	(258)
<b>Net profit after taxes</b>	<b>1,408</b>	<b>888</b>

**Mindtree Limited**

Significant accounting policies and notes to the accounts (continued)

For the quarter and nine months ended December 31, 2014

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

Statement of profit and loss	For the nine months ended December 31,	
	2014	2013
<b>Segment revenue</b>		
RCM	5,728	4,711
BFSI	6,085	5,070
HTMS	8,646	7,207
TH	4,374	3,448
Others	1,605	1,643
<b>Total</b>	<b>26,438</b>	<b>22,079</b>
<b>Segment operating income</b>		
RCM	1,083	1,123
BFSI	687	245
HTMS	2,014	1,856
TH	882	492
Others	652	618
<b>Total</b>	<b>5,318</b>	<b>4,334</b>
Unallocable expenses	(735)	(586)
<b>Profit for the period before interest, other income and tax</b>	<b>4,583</b>	<b>3,748</b>
Interest expense	(1)	(4)
Other income	661	792
<b>Net profit before taxes</b>	<b>5,243</b>	<b>4,536</b>
Income taxes	(1,167)	(1,008)
<b>Net profit after taxes</b>	<b>4,076</b>	<b>3,528</b>

**Geographical segments**

Revenues	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
America	5,746	4,508	16,107	12,716
Europe	2,214	2,225	6,789	6,230
India	374	449	1,023	1,141
Rest of World	783	724	2,519	1,992
<b>Total</b>	<b>9,117</b>	<b>7,906</b>	<b>26,438</b>	<b>22,079</b>

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****3.15 Related party transactions**

<b>Name of related party</b>	<b>Nature of relationship</b>
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary
Mindtree Foundation	Entity with common key managerial personnel
Janaagraha Centre for Citizenship & Democracy	Entity with common key managerial person
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL') Tanglin Developments Limited ('TDL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 19.8% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.

*Transactions with the above related parties during the period were:*

<b>Name of related party</b>	<b>Nature of transaction</b>	<b>For the quarter ended December 31,</b>	
		<b>2014</b>	<b>2013</b>
Mindtree Software (Shanghai) Co., Ltd	Software services	5	-
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	5	5
Tanglin Developments Limited	Leasing office buildings and land	77	89
	Advances paid towards lease rentals	-	150
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	12	12
	- towards lease rentals	42	150
	Interest on advance towards electricity charges/ deposit	1	3

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

<b>Name of related party</b>	<b>Nature of transaction</b>	<b>For the nine months ended December 31,</b>	
		<b>2014</b>	<b>2013</b>
Mindtree Software (Shanghai) Co., Ltd	Software services	13	-
Mindtree Foundation	Donation paid	13	-
Janaagraha Centre for Citizenship & Democracy	Rendering software services	1	-
Amalgamated Bean Coffee Trading Company Limited	Procurement of supplies	13	12
Tanglin Developments Limited	Leasing office buildings and land	235	326
	Advances/ deposits paid		
	- towards electricity deposit/ charges	9	3
	- towards lease rentals	-	205
	Advance/ deposits received back:		
	- towards electricity deposit/ charges	39	36
	- towards lease rentals	114	226
	Interest on advance towards electricity charges/ deposit	4	9

**Mindtree Limited**

Significant accounting policies and notes to the accounts (continued)

For the quarter and nine months ended December 31, 2014

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

*Balances payable to related parties are as follows:*

<b>Name of related party</b>	<b>As at December 31, 2014</b>	<b>As at March 31, 2014</b>
Mindtree Software (Shanghai) Co., Ltd	5	-
Amalgamated Bean Coffee Trading Company Limited	3	-

*Balances receivable from related parties are as follows:*

<b>Name of related party</b>	<b>Nature of transactions</b>	<b>As at December 31, 2014</b>	<b>As at March 31, 2014</b>
Tanglin Developments Limited	Rental Advance		
	- Current	126	126
	- Non-current	-	94
	Advance towards electricity charges		
	- Current	28	48
	- Non-current	-	16
	Security deposit (including electricity deposit) returnable on termination of lease	385	399
	Interest accrued on advance towards electricity charges	7	3

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)****Key Managerial Personnel:**

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

\*S Janakiraman resigned from the Board of Directors of the Company with effect from October 20, 2014.

Remuneration to key managerial personnel during the quarter and nine months ended December 31, 2014 amounts to Rs 52 and Rs 179 respectively (for the quarter and nine months ended December 31, 2013: Rs 51 and Rs 113 respectively). Dividends paid to directors during the quarter and nine months ended December 31, 2014 amounts to Rs 33 and Rs 130 respectively (quarter and nine months ended December 31, 2013 amounts to Rs 34 and Rs 101 respectively).

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

**3.16 Lease transactions**

Lease rental expense under non-cancellable operating lease during the quarter and nine months ended December 31, 2014 amounted to Rs 94 and Rs 265 respectively (for the quarter and nine months ended December 31, 2013: Rs 62 and Rs 195 respectively). Future minimum lease payments under non-cancellable operating lease are as below:

Particulars	As at	As at
	December 31, 2014	March 31, 2014
Payable -- Not later than one year	374	267
Payable -- Later than one year and not later than five years	589	473
Payable -- later than five years	116	4

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancelable operating lease during

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

the quarter and nine months ended December 31, 2014 was Rs 65 and Rs 205 respectively (for the quarter and nine months ended December 31, 2013: Rs 69 and Rs 210 respectively).

**3.17 Earnings per equity share**

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

Particulars	For the quarter ended December 31, 2014		For the quarter ended December 31, 2013*	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the quarter	83,680,265	83,680,265	83,195,512	83,195,512
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	364,976	-	632,878
Weighted average number of equity shares for calculation of earnings per share	83,680,265	84,045,241	83,195,512	83,828,390

Particulars	For the nine months ended December 31, 2014		For the nine months ended December 31, 2013*	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	83,587,863	83,587,863	83,141,688	83,141,688
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	388,309	-	477,470
Weighted average number of equity shares for calculation of earnings per share	83,587,863	83,976,172	83,141,688	83,619,158

\*In accordance with Accounting Standard 20 on 'Earnings Per Share', basic and diluted earnings per share is adjusted for 1:1 bonus issue for previous period presented.

**3.18 Auditor's remuneration**

Particulars	For the quarter ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
Statutory audit	4	4	12	12
Certification	1	-	2	2
<b>Total</b>	<b>5</b>	<b>4</b>	<b>14</b>	<b>14</b>

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

- 3.19** The Company 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	For the quarter ended December 31,	
	2014	2013
Grant towards workforce training	5	10
<b>Total</b>	<b>5</b>	<b>10</b>

Nature of expenses	For the nine months ended December 31,	
	2014	2013
Reimbursement of rent	-	3
Grant towards workforce training	20	21
<b>Total</b>	<b>20</b>	<b>24</b>

The Company had availed a non-monetary grant of USD 950,000 for renovation of project facility. 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.

**3.20 Dues to micro, small and medium enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2014 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

**Mindtree Limited****Significant accounting policies and notes to the accounts (continued)****For the quarter and nine months ended December 31, 2014****(Rupees in millions, except share and per share data, unless otherwise stated)**

<b>Particulars</b>	<b>For the quarter and nine months ended</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period;	Nil	Nil
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period;	Nil	Nil
the amount of interest due and payable for the period (where the principal has been paid but interest under the Act not paid);	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of accounting period; and	Nil	Nil
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

**3.21** The financial statements are presented in Rs in million. Those items which are required to be disclosed and which are not presented in the financial statement due to rounding off to the nearest Rs in million are given as follows:

<b>Particulars</b>	<i>Amount in Rs</i>	
	<b>As at December 31, 2014</b>	<b>As at March 31, 2014</b>
Balance Sheet items		
Share application money pending allotment	79,730	27,235
Cash on hand	21,491	25,277
12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited	126,400	126,400

**Mindtree Limited**

**Significant accounting policies and notes to the accounts (continued)**

**For the quarter and nine months ended December 31, 2014**

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

- 3.22** As of the balance sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs 6,593 (March 31, 2014: Rs 5,683).
- 3.23** On January 19, 2015, the Company entered into definitive agreements to acquire 100% equity interests in Discoverture Solutions L.L.C (Discoverture), a leading US based solutions provider to the insurance industry, in an all cash transaction for USD 15 million, payable over the next 18 months and earn outs based on future revenue targets. This acquisition is subject to customary closing conditions and regulatory approvals.
- 3.24** Corresponding figures for the previous period presented have been regrouped, where necessary, to conform to the current period's classification.

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

For **Mindtree Limited**

**Supreet Sachdev**

*Partner*

Membership No. : 205385

**Subroto Bagchi**

Chairman

**N. Krishnakumar**

CEO & Managing Director

**Rostow Ravanan**

Chief Financial Officer  
& Executive Director

**Rajesh Srichand Narang**

Company Secretary

Place: Bangalore

Date: January 19, 2015

Place: Bangalore

Date: January 19, 2015