

MINDTREE LIMITED
ANNUAL REPORT 2009 - 10

MindTree Limited

Board of Directors

Ashok Soota - Executive Chairman
Krishnakumar Natarajan - CEO & Managing Director
Janakiraman S - Executive Director
Subroto Bagchi - Executive Director
Dr. Albert Hieronimus - Independent Director
David B Yoffie - Independent Director
George M Scalise - Independent Director
Mark A Runacres - Independent Director
Rajesh Subramanian - Non-Executive Director
Siddhartha V G - Non-Executive Director
Srinivasan R - Independent Director
Vittal N - Independent Director

Audit Committee

Vittal N - Chairman
Dr. Albert Hieronimus - Member
Siddhartha V G - Member
Srinivasan R - Member

Investor Grievances Committee

Dr. Albert Hieronimus - Chairman
Subroto Bagchi - Member
Janakiraman S - Member

Compensation Committee

Mark A Runacres - Chairman
Srinivasan R - Member
Siddhartha V G - Member

Strategic Initiatives Committee

Ashok Soota - Chairman
Dr. Albert Hieronimus - Member
Krishnakumar Natarajan - Member
Siddhartha V G - Member
Srinivasan R - Member
Rajesh Subramanian - Member

Administrative Committee

Ashok Soota - Chairman
Subroto Bagchi - Member
Siddhartha V G - Member

Business Heads

Krishnakumar Natarajan - CEO & Managing Director
S Janakiraman - President & Group CEO - Product Engineering Services
Anjan Lahiri - President & CEO - IT Services
Scott Staples - President & CEO - Knowledge Services
Parthasarathy N S - CEO - Independent Testing & IMTS
Vinod Deshmukh - President & CEO - R&D Services
Ashok Krishnamoorthy - CEO - Software Product Engineering (SPE)
Samartha Nagabhushanam - CEO - Next In Wireless (NIW)

Chief Financial Officer

Rostow Ravanan

Company Secretary

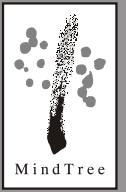
Rajesh S Narang

Auditors

B S R & Associates

Bankers

Hongkong & Shanghai Banking Corporation Limited
ICICI Bank Limited
CITI Bank
Standard Chartered Bank
State Bank of India



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Letter to the Shareholders from the Executive Chariman and CEO & Managing Director



Dear Shareholder,

It gives us great pleasure to present to you the performance report of your Company for the year 2009-10.

We entered FY 2010 when the environment saw the unfolding of a global economic crisis. Growth was a challenge for every industry and the word 'caution' was on everyone's mind. Every organization had to reinvent itself to survive and it is in the context of these challenging times that the performance of your Company has to be viewed.

We are extremely happy to report to you that in spite of the challenging times your Company grew revenues by 4.7% to Rs 12,960M. This also marks a significant achievement that the Company has had 10 continuous years of year on year growth of revenues. Our profits also grew by 310.7% to Rs 2,149M which is also a creditable achievement considering the difficult market environment. We would also like to highlight that keeping in line our values of caring, learning, achieving, sharing and social responsiveness your Company did not engage in short term measures like lay offs, etc and this has helped build a team of passionate and committed MindTree Minds.

We see tremendous opportunities in the markets we compete. In the services business we believe that people scale alone is not an advantage. Increasingly customers are demanding specialization and would expect their partners to deliver value to their businesses on a consistent basis. The strategy of the Company to focus on high growth businesses and domains is helping us meet this key requirement of customers. In the markets we address we win our share of business competing with the bigger players. Large enterprises are increasingly calling us to the table based on unique business value which we provide and this augurs well for the future of your Company.

Keeping in line with the strategy of specialization supported by unique value to customers we continue to invest in building Intellectual Property which positions us differently in the market. Our approach of building Technology in India for Global markets is showing strong traction and we are amongst the Top 3 licensing companies for Bluetooth related technologies.

In line with the above approach your Company acquired in Oct 2009 the captive center of Kyocera Wireless in Bangalore, India. The acquisition brought to us a great team which had excellent credentials in design of mobile handsets and 4G infrastructure. The unit has now been rechristened as MindTree Wireless- a wholly owned subsidiary. This business will focus on building ready to brand 3G Smartphones for Global markets and Intellectual Property for 4G infrastructure. Globally these are fast growing markets and our entry into these segments demonstrates the huge growth opportunities which your Company is addressing.

During the year MindTree got the No. 1 place in India for Corporate Governance in the Asia Money Poll. We also got recognized for our Knowledge Management and won the Most Admired Knowledge Enterprise Asia award in 2008 and 2009. We continue to be recognized for our innovative people practices. We were also ranked No. 19 in the IAOP Global outsourcing list amongst IT services companies.

We had shared with you in the annual report for last year about the updated Mission Statement of MindTree. With the Mission being the foundation we have initiated several Company level initiatives which are starting to bear fruit. We have launched a “Delivery Excellence” initiative which will drive consistent and predictable quality outputs to our customers and this initiative is a 3-4 year journey. We are already seeing the first signs of customer acceptance and this year’s customer satisfaction is a good testimony. Overall our customer satisfaction scores in 2009-10 are our highest ever as detailed in this report.

MindTree has the vision of working closely with all our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint. In making this happen, we have undertaken a number of initiatives in the areas of modern energy conservation practices, induction of alternate energy sources, efficient waste management with focus on reuse-reduce-recycle processes and conservation of water. Since these are areas where collaboration is crucial to success, we are building partnerships with local communities, extended families of MindTree Minds and government agencies in making a bigger impact. These efforts have given early results over the past four quarters, MindTree has achieved approximately 28,400 tonnes of Co₂-emission, translating into 4.10 tons of Co₂-emission per offshore employee, which is better than or at par with the emissions of many of the large IT Companies in India. To meet the contemporary green standards and deliver further value to our customers, MindTree will be taking steps to obtain the OHSAS and ISO 14064 certifications this year. Our belief is that we are well on our way to make MindTree a sustainable and environment friendly company.

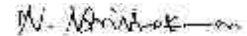
MindTree will continue to invest and aim for industry leading positions in the businesses and markets we compete in. We will complement our responsive strategy with flawless execution. MindTree will strive to retain its admired position and be known for its Corporate Governance, People Practices, Knowledge Management and Social Responsibility.

We take this opportunity to recognize the contribution of our customers, partners, people and investors for your goodwill and support which are so valuable to us. We look forward to your continued support in our journey towards achieving the Vision of becoming a \$1 Billion organization.

With best regards,



Ashok Soota
Executive Chairman



Krishnakumar Natarajan
CEO & Managing Director

Report on Customer and People Satisfaction

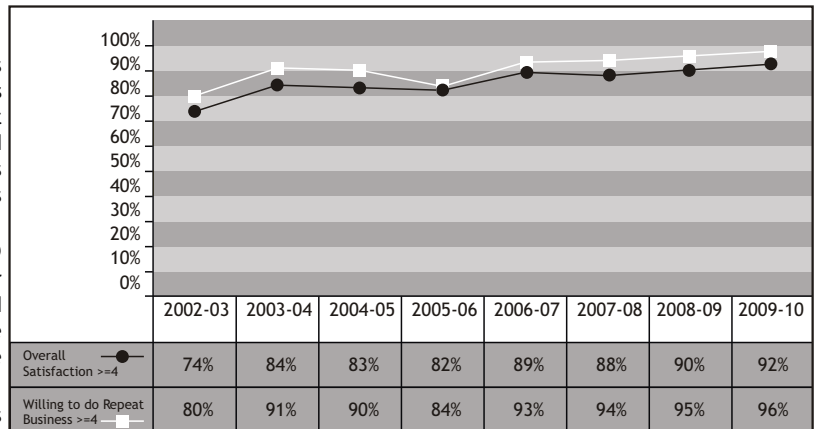
The chart below shows the overall feedback of our Customers over the last eight years.

Customer Satisfaction

The Annual Customer Experience Survey provides insights on the satisfaction levels of our customers on various parameters including their willingness to do repeat business, willingness to recommend to other prospects and overall satisfaction. Their valued feedback helps us enhance the quality of our service, deliverables, products and methodology.

Customer Experience Survey conducted in December 2009 for the year 2009-10 was responded to by 77% of our Customers. More than 90% of our Customers rated us 4 and above on a scale of 5 on "Overall Satisfaction" and more than 95% of our Customers rated us 4 and above on a scale of 5 on their "Willingness to do Repeat Business".

In a year where overall sentiment and market scenario was extremely challenging, our customers placed faith in us; likewise we have been able to deliver a better performance. We are proud to announce that MindTree's customer satisfaction ratings have touched an all time high this year.



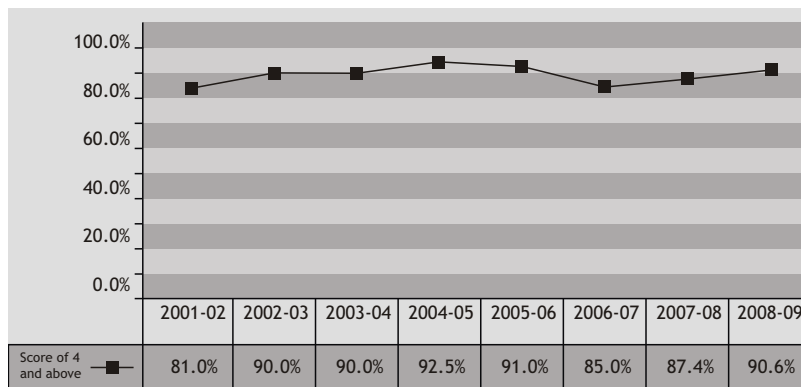
In our past Customer Experience Surveys, Customers have frequently expressed their positive and unique experiences partnering with MindTree, especially, when it came to interacting and working with MindTree Minds. The attitude of our people continues to be the highest rated parameter, this year too. This experience is an endorsement of our unique People practices and happy people at work.

To achieve this extraordinary customer satisfaction, our investment has been fruitful in driving internal certifications and learning programs in the areas of project management, technology, quality and soft skills. We have robust governance systems to drive timely objective setting, ensure ongoing feedback and give line managers better visibility into real-time status through dashboards.

In line with our Mission of "Successful Customers, Happy People and Innovative Solutions", we will continue our thrust on Delivery Excellence during 2010-11 and deliver sustained performance through our customer facing processes, systems and quality.

People Initiatives and People Satisfaction

The year 2009-10 witnessed the launch of two strategic people initiatives in the areas of Performance Management & Recognition Culture. These are two areas where we want MindTree to be recognized as amongst the best in the industry in the years to come, as not only do they touch every



Mind in the organization but also play a pivotal role in driving employee engagement, motivation and high performance at the workplace.

The new Performance Management system christened COMPASS was launched with the intent of creating an ongoing performance feedback culture in the Organization by bringing in more objectivity into the appraisal process and by offering customized performance assessment templates based on the employee profiles. COMPASS also ensures that there is adequate credit given for organization building activities in addition to their allocated work.

The other focus area, building a Recognition Culture, was launched with a new Rewards & Recognition policy, focusing on timely, consistent, personalized and instant recognition at MindTree. Various new Recognition

programs such as MindTree Citizen, 10/10 (Ten on Ten), Pat on the Back, Values Scout awards were introduced as a part of the new policy.

In line with these initiatives, two learning programs on "Ongoing feedback" and "Building a Recognition Culture" were also launched for MindTree Managers to enable them to become accelerators of this vibrant culture that we aspire to build at MindTree.

2009 was the year when MindTree achieved the momentous milestone of completing 10 magnificent years. The 10th Year Anniversary with the "Power of Ten" theme was celebrated by MindTree Minds and their families across the globe. This was also an opportunity to recognize and acknowledge the services of MindTree Minds who completed their 10 glorious years with MindTree, thus reinforcing the spirit of recognition and celebration

Every year the MindTree People Perception Survey (MPPS) serves as a platform to measure the internal satisfaction levels of MindTree Minds and their alignment to MindTree's values, culture and mission. As the organization grows, MPPS also becomes a vital tool to collect valuable inputs from MindTree Minds to continuously enhance our people policies, practices and systems across the globe. This ensures there is a constant effort made towards improving our internal people practices year on year.

The last couple of years have been quite dynamic for MindTree, with two key Acquisitions- Aztecsoft followed by Kyocera Wireless India Pvt. Ltd. (KWI). The erstwhile Aztecsoft Minds were a part of last year's MPPS survey, in which more than 69% of MindTree Minds participated and 90.6% of them gave a satisfaction rating of 4 or higher, on a scale of 5. This was indeed a very gratifying response, as we had not only exceeded our stated goal for internal satisfaction, but also done this in a year when the overall sentiments and market scenario were negative.

However this year, to ensure the Next in Wireless (NiW) Minds are well assimilated into the Organization, before participating in the people satisfaction survey, the next MPPS survey would be conducted by July 2010 and will be included as part of next year's report.

Green Initiatives at MindTree

Conservation of Energy and Environment

Our Company is committed to following high standards of environmental protection and provision of a safe and healthy work place for our MindTree Minds, customers and other stakeholders. In the present context, we regard climate change mitigation as a prime responsibility. We started monitoring our Green House Gas (GHG) emissions since April 2009 and we now believe that we have a good understanding of our GHG emissions across all categories; this includes almost every activity of our organization. Our purpose is enshrined in our Green Mission Statement- *“To work closely with all of our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint.”* The mission is taken forward by two bodies- the MindTree Green Council, which provides governance mechanisms and directs our green initiatives to meet our objectives; and the Green Community which is the extended arm which mobilizes participation for execution of mass programs.

Green Council - Green Council is the multi-disciplinary apex body which oversees all the environmental activities within MindTree. The Council consists of Senior Leaders from all relevant streams including Admin, IS, C2, Operations and Delivery. The Council continuously evaluates new organization-wide Green initiatives and oversees their implementation. The Council sets annual objectives including carbon emission targets and drives compliance.

Green Community - The Green Community is a voluntary group formed under the auspices of the Green Council with the primary intention of spreading awareness among MindTree Minds to become more eco friendly at office, as well as in their personal lives. The Green Community regularly organizes awareness campaigns in multiple MindTree locations. To date, the Community has over 400 volunteers, spread across multiple locations of MindTree in India and abroad. The Community initiatives are reviewed in monthly Green Council meetings.

The Green Council has a five-point agenda as indicated in the figure below.

Awareness

Educate MindTree Minds, our extended families and our partners on environmental responsibility

Assessment

Design and implement a matrix based approach for continuous improvements in MindTree’s green initiatives

Accomplishment

Identify eco-friendly measures and implement them through extended teams

Adjustment

Continuously review our environmental mission statement to ensure it remains relevant to our business with right balance between shareholder value and environmental friendliness

Association

Work with other like-minded organizations with an intention to learn and share

In pursuit of this agenda, we follow a structured approach of measurement, management and mitigation in tackling issues of carbon, energy, water and waste.

Carbon

MindTree's Green Council started measuring the carbon footprint in April 2009. Our measurement is carried out across all locations and is audited by NextGen PMS Pvt Ltd, an external agency. Our present Green House Gas (GHG) Emissions are as shown below

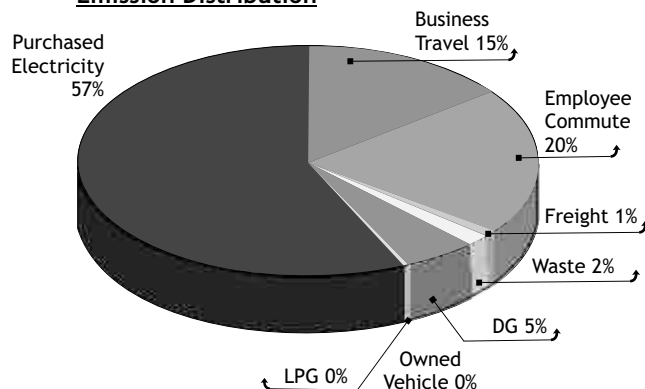
GHG Emission Sources	GHG Emission Intensities (Emission per employee)
Energy Generated: 1,629.56 tons of CO2	Scope 1: .226 tons of CO2
Energy Purchased: 1,539.806 tons of CO2	Scope 2: 2.5 tons of CO2
Business Travel: 4,266.5 tons of CO2	Total Emissions: 3.94 tons of CO2
Employee Commute: 5,817.82 tons of CO2	GHG emissions from electricity consumption would be reduced by deploying various energy efficiency measures and better optimisation of energy consumption. GHG emissions from waste disposal would be reduced by recycling the waste completely.
Freight: 238.03 tons of CO2	
Waste: 468.34 tons of CO2	

Sources of GHG Emissions: FY 09-10

As the chart indicates, nearly 62 % of GHG footprint comes from consumption of electricity, captive and grid combined. Business travel and employee commute accounts for a majority of the balance: 35%.

- To reduce commute-related emissions we have initiated virtual meeting technologies, video and tele-conference. Use of public transport/company provided transport and car pooling is encouraged.
- To compensate for the necessary emissions due to our daily operations, we have planted 8,000 trees during the year 2009-10 on a 50 Acre land, aptly named “MindTree Forest.” This acts as a carbon sink for some part of our emissions. This initiative offers us a carbon offset of 160 Tons per year in the near future.

Emission Distribution



Energy

MindTree's Green Council has been actively involved in reducing the energy consumption of both existing and new buildings. Some of the energy efficiency steps that have been undertaken are as follows:



Building Design
<ul style="list-style-type: none"> Whitefield facility is under construction and we hope that this will be our first LEED(Gold) certified building Glazing is minimized from NE and SW areas, so that solar rays are minimized
Cooling Requirements
<ul style="list-style-type: none"> Shifting from split ACs to water chillers Programming of air conditioners through logic control systems Variable frequency drives (VFD) are sequenced in operation of AHU and secondary pumps
Lighting Requirements
<ul style="list-style-type: none"> Usage of Low Power Loss Electronic ballast (5W) in place of Copper ballast (10W) Use of a 12 pulse rectifier to keep total harmonic distortion under 5% Usage of compact florescent lamps for lighting
Computing Requirements
<ul style="list-style-type: none"> Installation of LCD monitors (Energy Efficient) in place of normal CRT monitors Data Centre Virtualization
Good Practices
<ul style="list-style-type: none"> Transformers with high efficiency maintaining power factor of 0.98 on distribution side are procured from reputed companies XLPE cables with higher current withstanding capability and low losses for UPS Switching off unused equipments after office hours Energy Audits at regular intervals Shifting from HCFCs to HFCs in new buildings

Water

There has been increasing awareness of the need to conserve water, both in usage practices and in securing our sources. Some steps that helped create an impact are:-

- Only ground water is used at West Campus
- Installation of auto sensors in toilets to optimize water usage
- Dish washers used in the cafeterias to minimize water waste
- Sewage water treatment plant to recycle water
- Installation of meters to monitor water usage wherever feasible
- Rain water harvesting/ground water recharging. At our West Campus water table is very high, hence we prefer groundwater re-charging to rain water harvesting.

Pollution and Waste Management

MindTree is compliant with all pollution control norms as per Karnataka Pollution Control Board norms and recycles 85% of its waste by partnering with external organizations .We are also committed to reduce the quantity of waste generated by effective usage and judicious planning. Some of the steps taken by us in this regard are presented below:



Organic and Inorganic Waste	<ul style="list-style-type: none"> • Collected centrally and segregated as Recyclable/Non-Recyclable • Disposed to Piggeries 	
E-Waste	<ul style="list-style-type: none"> • Disposed and Recycled through E-Parisaraa, a scientific electronic waste recycling organisation 	
Paper Waste	<ul style="list-style-type: none"> • Recycled Through the services of "Samarthanam Trust". Samarthanam is a Non-Governmental Organization (NGO) working with disabled children along with those belonging to economically disadvantaged sections 	

Awareness

Creating awareness about Green issues among MindTree Minds is the key charter of the Green Community. This community, which is based on purely voluntary participation, was kick-started in the early part of 2009 and has steadily grown over the year to reach a subscription of over 400 members with a good presence in multiple locations including Bangalore, Chennai, Pune and Hyderabad. On average, the Community organizes at least one Green Awareness event every month, which include activities such as invited talks, educational stalls, product sales, pollution check campaigns, movie screenings and so on. The community has conducted awareness events to mark important days such as Earth Day, World Water Day, and World Environment Day. The community played a major role in the design and maintenance of our in-house Green Portal which serves as the single point of reference for all our Green initiatives. The Green Community also has been instrumental in defining and developing an e-Learning course on Go-Green, which is currently being subscribed to by several MindTree Minds. The Green Community actively participated in Osmosis'09, through a dedicated Knowledge Safari Stall and drew good reviews from visitors. Another important accomplishment of the Green Community last year was developing an in-house Car Pooling Portal, which has generated quite a lot of interest and is currently under pilot run.



Future Forward

Towards our vision of being a carbon neutral company, we have some ambitious plans for the year 2010-2011. Key initiatives for the next year include the following:

- 1) ISO -14064 Certification for organizational footprint.
- 2) Voluntary disclosure of our Carbon footprint through the Carbon Disclosure Project (CDP) program.
- 3) Development and deployment of eLearning programs for enhancing awareness and education.
- 4) Reduce our per capita carbon foot print by 2% during Financial Year 2010-11.



Auditors Certificate on Corporate Governance

To the Members,

MindTree Limited

We have examined the compliance of conditions of corporate governance by MindTree Limited ('the Company'), for the year ended on March 31, 2010, as stipulated in Clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **B S R & Associates**

Chartered Accountants

Firm Registration No. 116231W

Rajesh Arora

Partner

Membership No. 076124

Bangalore

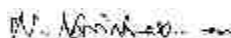
April 28, 2010

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Krishnakumar Natarajan, CEO & Managing Director and Rostow Ramanan, Chief Financial Officer of MindTree Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:
 - a) Evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
 - b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and
 - c) The steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the Company's auditors and the Audit Committee of the Board of Directors;
 - a) Significant changes that have occurred in the internal control over financial reporting during the year;
 - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting; and
 - d) All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
- 5) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Bangalore
April 28, 2010



Krishnakumar Natarajan
CEO & Managing Director



Rostow Ramanan
Chief Financial Officer

Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting their eleventh report on the business and operations of your Company for the financial year ended March 31, 2010.

Financial Performance	Rs. in 000's	
	FY 10	FY 09
Income from software development		
- Overseas	11,417,496	9,484,196
- Domestic	915,002	641,503
Total Revenue	12,332,498	10,125,699
Software development expenses	7,673,555	5,694,373
Administrative and other expenses	2,365,179	3,554,091
Operating profit before interest, depreciation, other income and tax	2,293,764	877,235
Interest	25,278	161,992
Depreciation	610,557	468,580
Operating profit before tax	1,657,929	246,663
Other income	804,237	78,790
Profit before tax	2,462,165	325,453
Provision for taxation including FBT	349,500	80,296
Deferred tax charge/ (credit)	31,700	(54,895)
Net profit after tax	2,080,966	300,052
Balance in profit and loss account brought forward	2,220,675	1,972,609
Amount available for appropriation	4,301,640	2,272,661
Dividend		
Interim	39,187	38,023
Proposed	79,030	-
Total dividend	118,217	38,023
Dividend tax	20,091	6,462
Amount transferred to general reserve	208,097	7,501
Balance in profit and loss account carried forward	3,955,234	2,220,675

Business Performance

The global economy went through an unprecedented crisis and many industries including the Indian IT industry were affected by it. This affected both revenues and profits of many of the Industry players. Even in this tough environment, improved sales mix, tight control on operations and expenses and better utilization has helped the Company to improve its profits.

Your Company received good traction for its services and its expertise in chosen segments continues to hold it in good stead. Your Company re-aligned its processes, updated services, enhanced technology offerings, restructured the organization, upgraded brand image and continued to deliver superior value to its customers. Your Company today is much more focused and is executing at a much higher efficiency than a year ago. Your Company's investment in training and talent transformation is beginning to pay off.

The demand for your Company's services continues to look robust, and the focus on our select verticals continues to resonate with target customers. The new go-to-market strategy is already yielding strong positive results and the pipeline looks significantly better than what we had at the beginning of the previous year. Your Company has been able to add strategic customers with good revenue potential and strengthened its existing customer relationships. Your Company would be collaborating with many more customers across new sectors thus expanding the portfolio and delivering superior value to customers. Your Company continues to operate as a long-term value addition player to its customers and provide the entire life-cycle services addressing their end-to-end requirements.

Your Company's income from software development grew to Rs. 12,332 million for the year ended March 31, 2010, which represents an increase of 22% over the previous year's Rs 10,126 million. We saw growth across both overseas and domestic markets. Export revenues grew 20% to Rs. 11,417 million whereas domestic revenues grew 42% to Rs. 915 million.

Our operating profits for the year 2009-10 has grown to Rs 1,657 million, which is a growth of 572% over the previous year. We have achieved good results and our Profit After Tax (PAT) increased to Rs. 2,080 million .

Dividend

Your directors have paid an interim dividend of Re. 1 per share (10% on par value of Rs. 10) during November, 2009. Shareholders approval is sought to ratify the payment of interim dividend. Your directors are also pleased to recommend final dividend which is payable on obtaining members approval in the eleventh annual general meeting of Rs. 2 per share (20% on par value of Rs. 10) which includes a special dividend of Re. 1 per share on the occasion of MindTree's 10th Anniversary, making the dividend for the year 2009-10 to 30% as compared to 10% in FY 2008-09.

The dividend payout amount for the current year inclusive of additional tax on dividend will be Rs.138 million as compared to Rs. 44 million in the previous year.

Transfer to Reserves

We propose to transfer Rs. 208.09 million to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975. Your Company also proposes to retain Rs.3,955 million in the profit and loss account (on standalone basis).

Changes to Equity Share Capital

Your Company also issued 1,518,308 equity shares of Rs. 10 each to various MindTree Minds on exercise of stock options and also to shareholders of erstwhile Aztecsoft Limited as per the Scheme of Amalgamation. Consequently, the paid-up equity share capital has increased from Rs. 379,966,860 to Rs. 395,149,940.

Infrastructure

During the year, your Company has added a built-up capacity of 106,000 sq ft. and added 1,000 seats. With this, the total built up capacity of your Company in India stands at 1,326,000 sq ft.

The new capacity was built in an SEZ unit in our Whitefield campus. This new infrastructure includes space for workstations, conference rooms, meeting rooms and labs.

In addition, your Company has added world-class communication infrastructure to support our customers. This includes inter-office data links, internet access links, customer specific data links and dedicated data/voice links.

Strategic Acquisitions

Kyocera Wireless Private Limited (KWI)

In October 2009, your Company announced the acquisition of KWI which was the captive R&D center of Kyocera Wireless Corporation (KWC). Subsequently KWI became a wholly owned subsidiary of your Company. Established in 2003, KWI is engaged in product development in the areas of cellular handsets and cellular infrastructure, and supports full product engineering for KWC's global product portfolio and Kyocera Japan's wireless base stations. KWI, has approximately 630 people and a development center in Bangalore. It continues to provide engineering services to various Kyocera entities on a contract basis. Integration of KWI into MindTree has been progressing well and we are seeing many areas of synergy.

During the year, the Company filed a petition with the Honourable High Court of Karnataka to merge KWI into MindTree via a Scheme of Amalgamation approved by the shareholders and creditors in their respective Court convened meetings held on April 20, 2010.

Sevenstrata IT Services Private Limited (7Strata)

Your Company on April 22, 2010 announced that it has entered into a definitive agreement to acquire the business (including people, customer contracts and Intellectual Properties) of 7Strata, a Remote Infrastructure Management (RIM) services provider. The acquisition was effective from May 1, 2010.

7Strata is a Chennai-based, privately held company that offers end-to-end, fully integrated, remote IT monitoring and management services. 7Strata began its operations in October 2007 and the 7Strata team has developed a proprietary infrastructure management software platform to offer RIM services. The ITIL-compliant platform helps customers save money and improve service levels by having an automated and integrated tool to manage IT operation processes.

Amalgamation of Aztecsoft Limited (Aztec)

Your Company had filed an application with the Hon'ble High Court of Karnataka for the Amalgamation of Aztec with the Company. During the current year approval of the Amalgamation was received from the Hon'ble High Court of Karnataka on June 3, 2009. Under the scheme, Aztec was amalgamated with the Company with effect from April 1, 2009.

People

The total number of MindTree Minds as on March 31, 2010 was 7,657 as against 6,091 as on March 31, 2009. During the year, your Company saw an increase in attrition levels towards the end of the financial year and the annual attrition for the year was 13.6% as against 11.8% in the year before. However, due to our Industry leading people practices, our attrition is lower than most other industry players.

To remain at the cutting edge and to be the best, your Company's focus has been not only business strategies but equally important is developing innovative & robust people practices. Your Company strongly believes, it is people alone who provide greatest sustainable, competitive advantage. During the year under review, the Company made substantial investments on people development and focused on improving productivity.

Your Company's multiple-award winning HR practices and great work environment helped to attract and retain talent. Your Company's people function works to align people's interests to the business goals. This creates a favorable environment and promotes innovation and merit. This strong alignment of our people's interests and business interests, led the organization to achieve its objectives and thus create value for people and customers. This in turn delivers good financial performance. We have dedicated programs to help our people build new skills and competencies which promotes knowledge sharing, building effective teams, etc. Your Company continues to innovate in knowledge management so that learnings are captured & disseminated across teams.

Employee Stock Option Plans

Your Company believes in the policy of enabling MindTree Minds to participate in the ownership of MindTree and share in its wealth creation, who are responsible for the management, growth and financial success of MindTree.

The Company currently administers six stock option programs viz. ESOP 1999, ESOP 2001, ESOP 2006(a), ESOP 2006(b), ESOP 2008 (A) and DSOP 2006. The details as required under SEBI (Employee Stock

Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been disclosed under Notes to Accounts Schedule 16 item 6 and forms part of the Annual Report. There has been no variation in the terms of ESOP programs and no employee was granted options, during the year, equal to or exceeding 1% of the issued capital.

The weighted average exercise price is Rs 10 under ESOP 1999, Rs 50 under ESOP 2001, Rs 250 under ESOP 2006(a), Rs 345.60 under ESOP 2006(b), Rs 406.50 under ESOP 2008 A, Rs 292.21 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2010 was Rs 231.55. The options outstanding at March 31, 2010 had a weighted average exercise price of Rs 325.40 and a weighted average remaining contractual life of 3.87 years.

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

Had compensation been determined under the fair value approach described in the guidance note on, "Accounting for employee share based payments", the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Amount in Rs.

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net profit as reported	2,080,965,209	300,052,129
Add: Stock-based employee compensation expense (intrinsic value method)	5,140,592	9,982,210
Less: Stock-based employee compensation expense (fair value method)	95,935,045	127,468,678
Pro forma net profit	1,990,170,756	182,565,661
Basic earnings per share as reported	53.04	7.94
Pro forma basic earnings per share	50.73	4.83
Diluted earnings per share as reported	51.13	7.86
Pro forma diluted earnings per share	48.90	4.78

The weighted average fair value of each option granted during the year ended March 31, 2010, estimated on the date of grant was Rs 368.70 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 253 - Rs. 580
Exercise price	Rs. 253 - Rs. 580
Dividend yield (%)	0.04% - 0.17%
Expected life	3-5 years
Risk free interest rate	5.46% - 8.06%
Volatility	61.64% - 89.72%

Details of options granted to senior managerial personnel during the year are as under:

Name of Senior Managerial Personnel	Designation	Stock options granted
Amit Banerji	Vice President	20,000

MindTree Reorganization

With the objective of establishing leadership positions, MindTree is organized into the following seven business areas: IT Services, Infrastructure Management and Technical Support (IMTS), Independent Testing, Knowledge Services and Product Engineering Services, which comprises the R & D Services business, the Software Product Engineering (SPE) business, and NIW or Next in Wireless business.

The CEOs of the various MindTree's businesses are:

- IT Services: Anjan Lahiri
- Group CEO, Product Engineering Services: S Janakiraman
- SPE: Ashok Krishnamoorthy
- R&D Services: Vinod Deshmukh
- NIW or Next in Wireless: Samartha Nagabhushanam
- Independent Testing: N.S. Parthasarathy, supported by Ananda Rao Ladi
- IMTS: N. S. Parthasarathy, supported by Ram C. Mohan
- Knowledge Services: Scott Staples

We now have strong & dedicated teams which focus on each of the market segments we address. This helps create greater specialization within each area & have higher accountability.

Directors

There were no changes in the Board of Directors during the year under review. As per Article 29 of the Articles of Association, the following Directors retire by rotation and being eligible, offer themselves for re-appointment.

1. Dr. Albert Heironimus
2. Mr. V. G. Sidhartha
3. Mr. R. Srinivasan

Brief resumes of these directors are included in the notice for the eleventh annual general meeting.

Your Directors recommend that the resolutions relating to the re-appointment of Dr. Albert Heironimus, Mr. V. G. Sidhartha and Mr. R. Srinivasan as Directors of your Company be passed.

Liquidity

Your Company maintains sufficient cash to meet its operations and strategic objectives. As on March 31, 2010 your Company had liquid assets of Rs. 1,614 million as against Rs 477 million at the previous year-end. These funds have been invested in deposits with banks and in money market mutual funds.

Fitch Rating

Your Company has been assigned a rating of 'AA(ind)' on long term borrowings and a rating of 'F1+(ind)' on short term borrowings by Fitch Ratings. Further, the agency has rated the Outlook as "stable". Fitch is a leading global rating agency that provides credit opinions. Long-term rating ['AA(ind)'] indicates very low credit risk. The Short-term 'F1+(ind)' rating, which is the highest in the category, covers fund-based working capital limits and non-fund based working capital limits.

Awards and Recognitions during FY 2009-10

- Your Company was adjudged No. 1 on Corporate Governance in India and 2nd in Asia in the Corporate Governance Poll 2009 conducted by Asiamoney magazine. Your Company's Chief Financial Officer, Rostow Ravanan, was chosen by Asiamoney as 'The Best Investor Relations Officer' in India.
- Your Company was ranked amongst the fastest growing technology companies in Asia Pacific by Deloitte Technology Fast 500 Asia Pacific 2009.
- Your Company's co-founder and Executive Chairman Mr. Ashok Soota was conferred the Golden Peacock Award for Technology Leadership - 2010 for his 'outstanding achievements and leadership qualities'.
- Your Company was awarded the Indian Most Admired Knowledge Enterprise (MAKE) Award by Teleos, in association with The KNOW Network.
- Your Company won the Asian Most Admired Knowledge Enterprise (MAKE) Award by Teleos, in association with The KNOW Network.
- Your Company won the 2009 CIO 100 award instituted by IDG India's CIO magazine that recognizes organizations that exemplify the highest level of operational and strategic excellence in information technology.
- Your Company was ranked among the top five global R&D services providers, by Zinnov Management Consulting Pvt. Ltd.
- Your Company was ranked # 43 across all industries and 19th amongst IT services companies by The International Association of Outsourcing Professionals in their annual list of the Top 100 Global Outsourcing Companies. The selection process considers four critical criteria: size and growth, customer references, organizational competencies and management capabilities. MindTree has been progressively moving up the ladder and ranking over the last few years.
- Your Company was named among the top 10 global Outsourced Product Development (OPD) service providers for 2009 by Global Services and neolT in their Global Services 100 study.
- Your Company became the first Indian company to receive the Texas Instruments (TI) 2008 Supplier Excellence Award.

Litigation

No material litigation is outstanding as on March 31, 2010.

Deposits

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company has not accepted any fixed deposits during the year under review.

Corporate Governance

Your Company has been practicing the principles of good corporate governance. A detailed report on Corporate Governance is given as Annexure to this annual report.

Certificate of the auditors regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement is also given in this annual report.

Corporate Governance Award

We continue to adopt best practices on Corporate Governance. As mentioned earlier in this report, your Company's good track record in terms of adherence to all applicable regulations, prompt filings, good disclosure, conservative business practices, etc. helped us get us the #1 ranking in India on Corporate Governance from Asiamoney.

Green Initiatives at MindTree

A copy of the green initiatives taken by your Company is enclosed in the annual report.

Consolidated Financial Statements

Your Company has four wholly owned subsidiaries namely Aztec Software, Inc, Aztecsoft Disha, Inc, MindTree Wireless Private Limited & MindTree Software (Shenzhen)Co. Ltd.

Standalone and consolidated financials are disclosed elsewhere in this report.

Dissolution of Subsidiaries

During the year, your Company applied for the dissolution of Aztec Software, Inc & Aztecsoft Disha Inc to the US regulatory authorities with effective date as July 31, 2009 and all the assets and liabilities of the subsidiaries as on this date were transferred to MindTree Limited.

Creation of New Subsidiary

During the year, your Company applied for the creation of a new Subsidiary. MindTree Software (Shenzhen) Co. Ltd. with Chinese regulatory authorities and the subsidiary was created on November 24, 2009.

Transfer to Investor Education and Protection Fund

The Company has within the statutory period transferred unpaid dividend amount to the Investor Education and Protection Fund.

Auditors

The retiring statutory auditors, M/s. B S R & Associates, Chartered Accountants, hold office as statutory auditors until the conclusion of the ensuing annual general meeting and thereafter they have declined to accept office. The audit committee of your Company has considered the matter and recommends that M/s B S R & Co, Chartered Accountants who have confirmed their eligibility and willingness to accept office, be appointed as the statutory auditors to hold office until the conclusion of the twelfth annual general meeting.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to this report. The Department of Company Affairs, has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being directors or their relatives, drawing more than Rs. 2.40 million per financial year or Rs. 200,000 per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

Conservation of energy, technology absorption, foreign exchange earnings and outflow

The Particulars as prescribed under section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 are set out in the annexure to this report.

Directors' responsibility statement

Directors' responsibility statement pursuant to Section 217(2AA) of The Companies (Amendment) Act, 2008 is annexed to this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under Clause 49(IV)(F) is disclosed separately in this report.

CSR Efforts

In this financial year, your Company has invested significant efforts and funds in its aspirations to be a socially relevant organization. Some of the highlights are:

- a) Appointment of a senior industry professional as a full time CEO to run the MindTree Foundation, with specific focus on Differently Aabled people and Primary Education.
- b) Funding of internship and training of differently-abled people to help them integrate into a world class IT company operations. One of them is 100% visually impaired, one a wheel chair user and another a person with partial vision due to lobectomy.
- c) Provision of motorized wheel chairs to employees to help them acquire much higher mobility and independence than manual wheelchairs, thereby increasing their morale.
- d) Formation of MindTree Forest, a 8000 tree sapling plantation with native trees, as part of our 10th Anniversary Celebrations.
- e) Funding the operating expenses of children operated for severe orthopedic deformities through the SPARSH Vachana program.
- f) Donation of used computers to schools and organizations supporting the needs of underprivileged children.
- g) Launch and successful implementation of the Company wide volunteering program called MindShare in multiple locations in India and abroad.
- h) The MindShare program has encouraged direct involvement of Minds different beneficiaries such as destitute men and women, orphans through monthly visits and infrastructure support, schools that cater for children from socially disadvantaged background etc.
- i) Our volunteers conducted a life skills program over 16 weekends in a Government school in Bangalore, wrote exams for students with visual impairment and created audio books for these students.
- j) During the year we productized our first assistive technology initiative in collaboration with two Chennai based NGOs and transferred the technology to a vendor. The product was successfully launched and orders placed by an NGO directly on the vendor.
- k) MindTree contributed to industry wide efforts to improve inclusion and diversity through active involvement in CII and NASSCOM initiatives dedicated to these goals.
- l) Many MindTree Minds contributed a day's salary towards the Flood Relief Funds during the devastating floods last year in North Karnataka and Andhra Pradesh.

Acknowledgements

The Board of Directors thank the Company's customers, shareholders, investors, vendors, and bankers for their support to the Company during the year.

Your directors would like to make a special mention of the support extended by the various departments of the Government of India, particularly the Software Technology Parks, the Department of Electronics, the tax authorities, the Ministry of Commerce, the Department of Telecommunications, the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India and others and look forward to their support in all future endeavors.

Your Directors appreciate and value the contribution made by MindTree Minds at all levels.

For and on behalf of the Board of Directors

Bangalore
April 28, 2010

Ashok Soota
Executive Chairman

Krishnakumar Natarajan
CEO & Managing Director

Annexure to Directors' Report

Directors' Responsibility Statement pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000

- I. The financial statements have been prepared in conformity with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis had been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.
 - II. The board of directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
 - III. The board of directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - IV. The board of directors have prepared the annual accounts on a going concern basis.
 - V. The financial statements have been audited by M/s B S R & Associates, Chartered Accountants, the statutory auditors.
 - VI. The audit committee meets periodically with the internal auditors and the statutory auditors to review the manner in which the auditors are discharging their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.
- A. Conservation of energy, technology absorption, foreign exchange earnings and outflow**

Report on Energy Conservation at MindTree

Your Company is committed to following a high standard of environmental protection and provision of a safe and healthy work place for our people, customers and visitors. To this effect we have articulated our environmental mission statement and also formed an advisory group "Green Council" to promote environmental initiatives at MindTree and details about the same are given elsewhere in this report.

MindTree's Environmental Mission Statement

"Work closely with all our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint."

Energy Efficiency Practices at MindTree

Some of the energy efficient practices adopted across the facilities of the Company to reduce consumption of power are:

- Transformers with high efficiency from reputed companies maintaining power factor of 0.98 on distribution side.
- Programming of air conditioners through logic control systems.
- Variable frequency drives (VFD) are sequenced in operation of AHU and secondary pumps.
- FRLS wires for power as well as lighting distributions.
- XLPE cables with higher current withstanding capability and low losses for UPS.
- Glazing is minimized from NE and SW area so that solar rays are minimized.

In new facilities, we have adopted the following steps to aid energy conservation:

- Installation of LCD monitors (Energy Efficient) in place of normal CRT monitors, thereby saving energy.
- Usage of Low Power Loss Electronic ballast (5W) in place of Copper ballast (10W).
- Use of 12 pulse rectifier to keep total harmonic distortion under 5%.
- Usage of compact florescent lamps for lighting.

Other Energy Conservation Initiatives

HVAC Design - The HVAC design for MindTree buildings have been based on Energy conservation building Code 2006. Primary objective is to reduce energy consumption by providing optimum conditions inside the building during extreme weather conditions. Some of the considerations are:

- Sun orientation path.
- Walls and roofs are properly insulated.
- Toughened glass windows to reduce infrared radiation.
- Effective management of ventilation to ensure acceptable air quality.
- Proper positioning of fire escape routes.
- Roof surface treated to reduce the absorption of heat.

Power Saving - This year we devoted considerable attention on methods and approaches to conserve power. Significant steps taken in this regard include the following:

- Turning off monitors during week ends.
- Hibernation of desktops & notebook computers when not in use.
- Turning off lights in all floors when Minds not working.
- Operating only one lift in each building after 7.00 pm.
- Turning off the air conditioners during non peak hours and on weekends.

Water Conservation - There has been increasing awareness of the need to conserve water, both in usage practices and in securing our sources. Some steps that helped create an impact include the following:

- Only ground water used at West Campus.
- Sensors in toilets to optimize water usage.
- Dish washers used in the cafe's to minimize water wastage.
- Sewage water treatment plant to recycle water.
- Rain water harvesting being planned.

Waste Management - Towards reduction of waste and better disposal of generated waste, we drove the following initiatives to meet the objectives:

Food Waste

- Collected centrally and segregated as recyclable/non recyclable.
- Disposed through BBMP.
- Entering with an agreement with "Samarthanam Trust" for recycling food waste.

E Waste - Disposed and recycled through "E- Parisaraa".

Paper Waste - Recycled through the services of "Samarthanam Trust".

Pollution Control and Reporting - Towards achieving better environmental standards, regular checks on air quality, monitoring of noise levels and monitoring of fuel stock have been carried out across facilities.

Conclusion

In keeping with MindTree's commitment to create an environment which is sustainable and to conserve energy, our goal is to achieve a carbon neutral profile across the organization. Our strategy to adopt the best practices, latest technologies and high levels of efficiency in our operations will help us build an environment where energy is conserved and carbon emissions are significantly reduced.

B. Technology and Innovation

As you would appreciate, technology is witnessing rapid change. Since our customers expect us to lead them through such change, we proactively & continuously invest in developing technology building blocks and solution frameworks which add value to our customers' business. MindTree uses a multi-pronged strategy for developing technology assets and to promote innovation. These technology initiatives are driven by each business unit based on the trends they see in their respective markets. These efforts help us in two ways (i) gain our customers' trust & confidence; and (ii) attract & retain key talent who see MindTree as a more exciting place to work in.

Research and Development

Your Company has a dedicated business unit for Research & Development which delivers innovative solutions to clients and also fosters R&D within all business units to create intellectual property in the form of re-usable components, frameworks etc., which help drive greater productivity. Accordingly identifiable revenue expenditure incurred for FY 2009-10 as R&D expenditure is Rs. 84,661,819.

- Digital Video Surveillance: We began development of technology in Video Surveillance area to address growing demand and technology advancements in this space. We are building critical Intellectual Properties in Video Analytics and Video Content Management.
- Bluetooth RF: To fill the gap in our portfolio of Bluetooth IP, we began a program on development of Bluetooth radio. This is very a specialized technology area and very few organizations in the world have in-house capability.

We also have R & D engineers including key architects/senior personnel and these personnel are part of customer project teams and billed accordingly. These personnel apply the R & D findings in the course of these customer projects to help software product companies succeed. These engineers have a 360-degree view and understanding of business problems and are skilled technology experts who work with projects either proactively towards on-going value addition and/or help in projects to deal with specific tactical issues.

IT Services investments in solutions and technologies

MindTree's IT Services enables our global customers achieve success through business enabling solutions using innovative and industry leading expertise and technologies. Our team of domain

experts ensure that IT initiatives are tied to business imperatives through quantifiable metrics. Through MindTree Labs, a unique corporate investment in research and development, we aim to bring leading edge solutions to our customers. MindTree Labs conducts applied research on emerging technologies and works with our Technology Practices and Industry Groups (IG) to create differentiated outputs.

Through MindTree Labs we developed expertise and technology frameworks in the areas of Mobility and Cloud Computing. Some of the notable achievements this year included:

- A mobile application on Google Android that provides support and features post the booking process.
- A mobile banking application on Google Android with two-factor authentication and location awareness.
- A mobile salesforce application built on J2ME technology with a very low footprint.
- Demo applications on leading Cloud platforms including Force.com, Amazon EC2 and Google AppEngine.
- Frameworks to encapsulate advanced features on Google Android.

MindTree's Technology Practices and Industry Groups continue to bring solution accelerators to market and help our global clients achieve their objectives in expedited timeframes. Some of the notable solutions include:

- MindTree's SOA Solution Accelerator: Our homegrown Open Source tools based SOA Application development platform has been adopted by a number of our clients and helps bring down implementation cost and timeframes for SOA based projects.
- MindTree's Digital Media publishing solution that will simplify the tasks around content management and publishing for media companies.
- MindTree's SOA Services Discovery framework that will help organization embark on the road towards Enterprise SOA.
- Our SAP A1 templates for Professional Services and Construction Industries that have been certified by SAP. They will allow speedier time to market and enable our customers to realize benefits of the solution via a compressed time frame.
- Multiple Centers of Excellence on SAP technologies and functional areas to bring deep expertise around our SAP implementations.
- Tool based methodology and approach for helping our customers modernize their mainframe environments.
- A comprehensive testing framework geared towards the Banking industry.
- A framework of domain and technology components used for speedy delivery of world class BI solutions and geared towards the Insurance domain.

Patents

The patents filed by MindTree are given in the table below:

SI No	Title	Country of Filing	Year
1	Method for Step Size control technique in echo signal cancellation	US	2004
2	High Speed FFT architecture for an OFDM Processor	US	2006
3	Method for data handling by file-system offloading	US	2006
4	Power Management based on dynamic frequency scaling	US	2006
5	Method and system for generating an analytical report including a contextual knowledge panel	US	2006
6	Method For Discovering IEEE 802.11 Access Points By a Central Controller	US	2006
7	Selecting Channels In Centrally-Managed Wireless Networks Based On Receive Signal Strength Indicator (RSSI) And Received Transmit Errors	US	2006
8	Procedure for headset and device authentication	India, US	2007
9	Method and apparatus for multi terminal support using Bluetooth based audio gateway	India, US	2007
10	Method and apparatus for bit interleaving and de interleaving in wireless communication systems	India, US	2007
11	Outband Broadband Connectivity	US	2007
12	Portable Wearable Input Apparatus	India	2009

Benefits of the research and development initiative of your Company

The expertise built up by your Company through the R&D initiatives has been instrumental in your Company's adding some of the customers during the year. Your Company uses the expertise in the R&D team to provide technology consulting services to some of its customers. New ways of working processes serve to improve substantially our ability to discover, develop, design and deliver have been implemented and these contribute to quality and output.

Plan of action

Your Company will continue to invest in R&D initiatives going forward.

Technology absorption, adaptation and innovation

Your Company provides its employees with a 'state of the art' working environment, with a view to optimize their performance.

The hardware & software used is the very latest. All employees have access to the Internet. The excellent communication infrastructure put in place by your Company ensures that the employees get to work on the same environment that the customers' engineering teams work on. The communication infrastructure also enables the employees of your Company working onsite to work very closely with their counterparts in India, enabling a 24-hour delivery model. These enable your Company to get a lot of work done from the development centers in India and are vital to the offshore-centric business model of your Company.

The adoption of latest technologies along with the investments in R&D enables your Company to be the preferred technology solutions provider to corporations seeking to use the technologies.

C. Earnings in foreign currency (accrual basis)

Inflows	Amt in Rs.	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Income from software development	11,417,496,007	9,484,196,140
Interest income	126,322	888,494
Other income	17,180,787	65,607
Total	11,434,803,116	9,485,150,241

Outflows: Refer Note 10 & 11 of Schedule 16.

Subsidiary's Financial Summary**1. Details of MindTree Wireless Private Limited, a subsidiary of MindTree Limited**

(Amt in Rs. except share data)

Financial year of the subsidiary ending on	March 31, 2010
(a) No. of shares held by the holding company	412,500
(b) Extent of interest on the above date	100%
Other financial details:	
(a) Capital	4,125,000
(b) Reserves	312,462,750
(c) Total assets (gross)	509,244,573
(d) Total liabilities	192,656,822
(e) Details of investments	-
(f) Total income	1,006,265,086
(g) Profit before taxation	157,212,665
(h) Provision for taxation	30,815,303
(i) Profit after taxation	126,397,362
(j) Proposed dividend	-

2. Details of Aztec Software Inc, a subsidiary of MindTree Limited

(Amt in Rs. except share data)

Financial year of the subsidiary ending on	March 31, 2010
(a) No. of shares held by the holding company	357,142,851
(b) Extent of interest on the above date	100%
Other financial details:	
(a) Capital	229,069,140
(b) Reserves	51,233,531
(c) Total assets (gross)	280,302,671
(d) Total liabilities	-
(e) Details of investments	-
(f) Total income	105,947,784
(g) Profit before taxation	(12,349,365)
(h) Provision for taxation	-
(i) Profit after taxation	(12,349,365)
(j) Proposed dividend	-

3. Details of Aztecsoft Disha Inc, a subsidiary of MindTree Limited

(Amt in Rs. except share data)

Financial year of the subsidiary ending on	March 31, 2010
(a) No. of shares held by the holding company	1,000
(b) Extent of interest on the above date	100%
Other financial details:	
(a) Capital	47,220
(b) Reserves	170,456,460
(c) Total assets (gross)	170,503,680
(d) Total liabilities	-
(e) Details of investments	-
(f) Total income	304,051,030
(g) Profit before taxation	57,213,095
(h) Provision for taxation	-
(i) Profit after taxation	57,213,095
(j) Proposed dividend	-

4. Details of MindTree Software (Shenzhen) Co. Ltd , a subsidiary of MindTree Limited

(Amt in Rs. except share data)

Financial year of the subsidiary ending on	March 31, 2010
(a) No. of shares held by the holding company	-
(b) Extent of interest on the above date	100%
Other financial details:	
(a) Capital	23,045,000
(b) Reserves	(1,207,649)
(c) Total assets (gross)	22,367,953
(d) Total liabilities	530,602
(e) Details of investments	-
(f) Total income	-
(g) Profit before taxation	(1,207,649)
(h) Provision for taxation	-
(i) Profit after taxation	(1,207,649)
(j) Proposed dividend	-

For and on behalf of the Board of Directors

Bangalore
April 28, 2010Ashok Soota
Executive ChairmanKrishnakumar Natarajan
CEO & Managing Director

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors report for the year ended March 31, 2010

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(yrs)	Gross Remuneration (Rs.)	Previous Employer	Designation at previous employment
1	Abhay Goyal	General Manager	MBA	42	25.04.2001	19	2,657,260	Ericsson Communication	Manager - Information Systems
2	Ajay Mittal	Program Director	M.Sc	46	05.06.2006	21	2,689,573	Vishesh Infotechnics	Chief Operative Officer
3	Amar Karvir	Vice President	MBA	38	01.02.2007	13	4,629,822	Monitor Group	Head Of Mumbai Development Center
4	Amit Singh	Program Director	MBA	38	02.06.2008	15	2,462,215	Infosys Technologies	Group Project Manager
5	Ananda Rao Ladi	Vice President	B.Tech	40	01.02.2000	19	3,510,287	Wipro	Consultant
6	Anil Chakkamalyath	Senior Project Manager	BE	37	05.03.2001	11	2,746,230	LEC India Software	Software Engineer
7	Anil Rao	General Manager	MBA	42	16.04.2001	18	3,420,900	Wipro	Consultant
8	Anjan Lahiri	President & CEO	MBA	44	05.08.1999	23	4,775,421	Cambridge Technology	Director
9	Anurag Kumar	Program Director	BE	39	23.07.2003	15	2,540,191	Satyam Computer Services	Sr.System Analyst
10	Aravind K Shenai	Technical Director	MS	43	12.09.2005	16	2,513,145	Ensim Corporation	Member, Technical Staff
11	Arun Thakur	Assistant Vice President	B.Sc. (Engg)	51	02.07.2004	18	2,822,821	iGate Global Solutions	Divisional Head - Information Systems
12	Ashok Soota	Executive Chairman	MBA	67	09.08.1999	36	5,981,882	Wipro	Vice Chairman
13	Ashwani Kathuria	Vice President	PGDM	47	10.04.2006	26	7,720,369	vMoksha	System Analyst
14	Aurobinda Nanda	Assistant Vice President	MCA	41	25.04.2000	16	2,954,202	IBM	System Analyst
15	Babuji Philip Abraham	Senior Vice President	B.Tech	45	03.11.1999	24	4,145,238	Verifone India	Manager - ICD
16	Balaji Krishnan	Vice President	BE	43	10.11.1999	22	3,329,185	IRMM	Project Manager
17	Balu C	Senior Vice President	MCA	46	17.04.2000	23	3,591,643	Novell	Senior Manager
18	Bhageerathi D R	Vice President	BE	42	25.10.1999	20	2,998,642	BFL	Project Manager
19	Chinmoy Bhagawat	General Manager	BE	43	01.04.2006	20	2,909,178	Cable & Wireless National	Business System Manager
20	Dattaguru Hegde	General Manager	BE	38	16.04.2007	17	3,787,341	Accenture	Senior Manager
21	Dattatri Salagame	General Manager	BE	44	22.03.2001	20	2,880,030	Ivega Corp.	Consulting Manager
22	Debashis Goswami	Technical Director	M.Tech	42	10.05.2004	20	3,870,150	Texas	Design Manager
23	Derick Jose T J	Chief Architect	BE	41	20.11.2000	19	3,016,356	Fujitsu-DMR	Consultant
24	Dhawal Wadaskar	General Manager	MBA	46	09.06.2003	21	2,707,696	Silverline	Senior Manager
25	Dipanjani Majumder	Program Director	MBA	40	01.01.2007	14	2,482,925	Lafarge India	Business Project Manager
26	Dr. Raghunath Govindachari	Vice President	PhD	46	06.11.2000	18	3,390,288	Wipro	Technical Manager
27	Gaurav Johri	Vice President	PGDM	39	25.02.2008	15	4,577,423	Onmobile Asia Pacific	SBU Head, Corporates and M-Commerce
28	Girdhar LV	Program Director	MS	37	19.10.2000	16	2,856,160	Novell India	Software Consultant
29	Gopalakrishnan Palakkil	Senior Vice President	MBA	49	05.11.2008	25	6,050,501	Wipro	Vice President
30	Hari Prasad P	General Manager	BE	43	10.11.1999	22	2,584,930	Verifone India	Project Leader
31	Jaganath Ram Shankar	General Manager	BE	39	24.07.2000	17	2,604,245	Bayer Corp.	Consultant
32	Janakiraman S	Group CEO	M.Tech	53	20.10.1999	30	3,729,879	Wipro	President
33	Jyothi Bacche	General Manager	BE	43	01.07.2004	17	2,622,967	Shaw Systems	Services lead
34	Kalyan Kumar Banerjee	Senior Vice President	M.Tech	47	05.08.1999	25	3,434,054	Wipro	Technical Manager
35	Kesava Ram Dasu	General Manager	M.Tech	41	10.04.2000	19	3,067,374	Wipro	Technical Manager
36	Kishan A	Program Director	BE	35	08.05.2000	13	2,840,060	Tata Infotech	Systems Engineer
37	KPM Das	Vice President	ME, PGDIM	51	16.01.2006	31	4,029,406	Encore Software	Vice President - Business Development
38	Krishnakumar Natarajan	CEO & Managing Director	PGDM	52	05.08.1999	29	4,330,457	Wipro	CEO - E Commerce
39	Krishnan R	General Manager	PGDM	38	10.07.2001	15	2,480,851	Atma Consulting	Director & Co Founder
40	Kumar Natarajan	Senior Project Manager	MS	40	09.09.2004	15	2,890,925	Interra	Engineering Manager
41	Madhusudhan Km	Chief Architect	BE	41	25.10.2006	18	3,656,236	Misys International	Principal Architect
42	Manoj Chandran	Senior Director	M.Sc	41	03.02.2003	24	3,044,254	CIOL	Head Content
43	Manoj Soman	Program Director	ME	39	25.11.2008	16	2,691,678	Alereon Semiconductors	Principal Staff Engineer
44	Milind Shah	Assistant Vice President	MCA	42	17.03.2008	19	2,816,814	Virtusa India	Associate Director
45	Mohan Kenchaiah	Program Director	BE	49	08.01.2007	23	2,649,021	Intel Technologies	Program Manager
46	Mukesh Mathad	Technical Director	BE	35	03.07.2000	14	2,578,042	Tektronics	Technical Leader
47	Murugan Saminathan	Technical Director	MCA	38	03.10.2005	15	2,937,772	Xalted Information	Senior Team Lead
48	Neeraj Savla	Senior Technical Manager	BE	35	03.05.2006	12	2,424,727	Intel Technology India	Senior Component Design Engineer
49	Padmanabha Naidu	Program Director	MCA	40	04.06.2001	15	2,854,666	iCope Technologies	QA Manager & Training
50	Padmanabhan SN	Senior Vice President	M.Tech	48	17.04.2000	23	2,888,613	Wipro	Technical Manager
51	Parthasarathy N S	President & CEO	M.Tech	49	14.08.1999	26	4,616,290	Wipro	General Manager

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(Yrs)	Gross Remuneration (Rs.)	Previous Employer	Designation at previous employment
52	Paul Victor Ratnam	Program Director	BE	51	06.10.2003	22	2,561,970	Ocwen Financial Solutions	Project Manager
53	Pramod Paranjape	General Manager	MBA	48	03.06.2004	24	2,474,460	VarIT Information Technology	Director
54	Puneet Jetli	Senior Vice President	MBA	41	15.10.1999	18	3,646,590	Wipro	Business Development Manager
55	Radha R	Senior Vice President	PGDM	43	19.01.2001	19	4,046,424	IBM	Country Manager - Alliances
56	Raj Datta	Vice President	MS	42	15.11.1999	20	3,127,471	Logical Components	Founder Director
57	Rajagopal Nagarajan	Vice President	BE	45	24.04.2000	24	3,460,887	Wipro	Project Manager
58	Rajagopalan Venkatesan	General Manager	M. Tech	43	09.05.2001	23	2,939,681	TES P V Electronics	Group Head
59	Rajesh Kumar R	Program Director	BE	35	22.01.2001	15	2,789,090	Times of Money	Head of Information Technology
60	Rajesh S Narang	General Manager	FCS	41	10.06.2002	22	2,630,966	Venture Infotek Global	Finance Manager & Company Secretary
61	Rajesh Zele	Vice President	PhD	41	25.11.2008	15	3,951,752	Alereon Semiconductors	Managing Director
62	Raju Chellatton	Chief Architect	B. Tech	44	14.06.2004	18	2,786,847	Verizon Communications	Technical Manager
63	Raju Dani	General Manager	B. Tech	41	02.07.2004	20	4,981,383	RenaissanceWorldwide	Project Lead
64	Ram C Mohan	Senior Vice President	BE	47	19.01.2006	25	6,194,039	Vinciti AQ	EVF - Operations
65	Ramachandran Narayanaswamy	Vice President	BE	41	03.12.1999	21	3,658,917	Wipro	Software Specialist
66	Ramachandran Ramakrishnan	Vice President	MBA	41	27.03.1997	22	3,263,655	PowerTel Boca	Technical Consultant
67	Ramesh Gopalakrishnan	Vice President	BE	42	14.08.2000	19	3,359,029	Tata Infotech	Core Member - E Commerce group
68	Ramesh Rajasekar Dorairaj	Vice President	BE	43	01.03.2006	20	4,926,647	Infosys	Delivery Manager
69	Ramgopal Subramani	General Manager	M.Sc	40	10.01.2000	16	2,893,235	Stellar SoftwareCA	Consultant
70	Ranjana Abraham	Senior Director - Business Development	MBA	40	17.04.2006	16	2,816,629	Tata Elxsi	Business Manager
71	Ravindra V P	Senior Project Manager	M. Tech	42	19.07.2004	16	2,489,098	Wipro Technologies	Specialist Software
72	Rostow Ravanan	Chief Financial Officer	ACA	39	05.08.1999	16	4,008,298	Lucent Technologies	Business Value Manager
73	Sajith Kumar S	Program Director	BE	39	01.12.1999	17	2,546,696	Wipro	Senior Systems Engineer
74	Satli Godika	Chief Strategy Officer	M. Tech	38	26.02.2007	15	3,402,338	Dassault	Director - Marketing
75	Sandeep Agarwal	General Manager	BE	36	05.06.2000	16	3,103,948	Lucent	Team Leader
76	Sanjay Shevankar	Vice President	BE	41	10.02.2003	19	6,543,515	HealthAsyst	Program Director
77	Santosh Shivadatta	Technical Director	M. Tech	36	19.08.2002	13	2,496,997	SOC Group	Associate Engineer
78	Saravanan Rangaraju	General Manager	BE	41	08.07.2002	20	2,888,476	Ramssoft Technologies	Project Manager
79	Shah Nawaz Khan	Program Director	B. Tech	38	21.09.2004	13	2,815,548	Snisti Software.	Project Manager
80	Sharad Singh	Program Director	B. Tech	34	28.07.2008	14	2,567,180	Satyam Computer Services	Project Manager
81	Sharmila Saha	Vice President	BE	44	24.04.2000	22	2,565,941	Wipro	Technical Manager
82	Shishir Gokhale	General Manager	MS	39	27.12.1999	15	2,611,634	Cambridge Technology	Senior Consultant
83	Shrish Kulkarni	Vice President	BE	39	17.02.2003	15	2,853,841	Healthasyst	Technical Manager
84	Siva Vajjhala	Vice President	MS	39	03.07.2000	19	2,420,735	Cambridge Technology	Director /Client Partner
85	Sivasubramanian Narayanan	Assistant Vice President	PhD	43	11.09.2006	20	3,094,979	iGATE Global Solutions	Director - Solutions
86	Sridhar Perepa	Vice President	BE	44	16.12.2002	21	3,273,450	GE transportation	Project Lead
87	Srinivasa D	Technical Director	B. Tech	38	28.06.2004	16	2,426,247	Siri Technologies	Project Manager
88	Srinivasa Kottamasu	General Manager	M. Tech	42	05.05.2000	20	2,795,565	Wipro	Resident Manager
89	Sripad K	General Manager	MCA	42	20.12.2000	19	3,102,256	Wipro Technologies	Manager Training
90	Subrata Saha	Vice President	B. Tech	48	19.03.2001	26	3,459,816	Wipro	Technical Manager
91	Subroto Bagchi	Vice Chairman & Gardener	BA	52	01.09.1999	35	4,017,910	Lucent Technologies	Vice President
92	Sudhir Reddy	Vice President	MS	40	01.08.2005	17	9,253,954	Novartis Pharma	Storage Manager
93	Sudip Naha	Test Director	BE	34	01.07.2003	12	2,412,460	Wipro Technologies	Project Lead
94	Suneel Sastry	General Manager	BE	47	01.07.2002	23	2,780,900	Citicorp Credit Services	Manager/ Senior Tech Analyst
95	Suresh H P	Vice President	M. Tech	43	02.11.2000	19	3,598,587	Motorola Electronics	Staff Analyst
96	Sushanth Pai	Program Director	ACA	34	24.01.2005	10	2,612,325	GE Capital International	Manager
97	Swayamjit Das	General Manager	B. Tech	41	15.11.1999	19	2,882,617	Kent Ridge Digital	Research Associate
98	Varadarajan Venkatesan	Program Director	BE	43	17.08.2000	13	2,960,214	Infinite Computer Solutions	Project Manager
99	Veena Rajappa	Technical Director	BE	36	17.10.2005	15	2,900,959	Sasken Communication	Project Leader
100	Veeraraghavan R K	Senior Vice President	M.Sc	43	03.11.1999	22	4,811,657	Wipro	Technical Manager
101	Venkata Dasari	Principal Consultant	M.Com	44	20.12.2004	11	3,448,040	Infinite Computer So	Senior Oracle Apps Consultant
102	Venkatesan Varadarajan	Vice President	M. Tech	52	02.11.2006	27	3,595,604	TeKessence	-

Sl. No.	Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(yrs)	Gross Remuneration (Rs.)	Previous Employer	Designation at previous employment
103	Venugopal Nallamalli	Technical Director	BE	42	19.02.2007	20	2,438,886	TATA Elxsi	Project Manager-H&S
104	Vijayakumar Krishnapillai	General Manager	BE	37	03.07.2000	15	2,481,266	IRMM	Project Leader
105	Vijayendra H S	General Manager	BE	43	05.02.2001	17	4,204,270	Wipro	Specialist VLSI
106	Vikram Amaranath	Vice President	PGDBM	53	12.04.2006	32	8,279,786	TCS	Principal Consultant
107	Vinod Deshmukh	President & CEO - R&D Services	M.Tech	52	05.04.2000	25	4,738,393	Wipro	Vice President
108	Vishweshwar Hegde	Senior Vice President	BE	46	16.10.2000	23	2,425,177	Motorola India	Quality Manager
109	Vivek Shrivastava	General Manager	B.Tech	40	01.12.2000	19	3,001,967	SAS	Product Manager
110	Yatendra Kumar Gupta	General Manager	M.Sc	51	01.07.2003	21	2,472,154	Datamatics America	Senior Director
111	Ziddik K A	Program Director	B.Tech	37	05.02.2001	15	2,479,753	Wipro	Software Specialist

Part of the Year - New Joinees

112	Amit Banerji	Vice President	B.Tech	47	01.03.2010	25	337,131	Mahindra Satyam	Head Delivery- IBU UK
113	Arvind Benegal	General Manager	BE	46	03.08.2009	22	1,900,901	IBM	Business Development Executive
114	Jagannathan Chakravarthi	Program Director	CA	37	27.04.2009	13	2,480,915	Bharti Airtel	DGM Finance

Part of the Year - Resigned

115	Ajay Dhake	Vice President	MS	45	01.09.2005	20	2,945,914	Intel Corporation	Validation Manager
116	Anand Veerkar	Senior Vice President	BS	43	01.07.2008	21	3,496,790	Triple Point	President, Asia
117	Anantha Balasubramanian	Senior Director	MBA	42	09.05.2007	16	449,249		
118	Ashok Hegde	Vice President	PhD	42	16.07.2007	18	594,664	Wipro Technologies	General Manager
119	Kannan Shrinivas	Assistant Vice President	Higher Diploma in software Engg	49	16.10.2006	24	2,300,972	RelQ Software	VP,delivery
120	Kiran A	Program Director	BE	35	08.05.2000	13	2,200,051	Tata Infotech	Systems Engineer
121	Magendar Rajasekaran	Senior Project Manager	BE	38	04.05.2006	13	2,241,492	Unisoft Infotech	Business Director
122	Ramapriya Santhanam	Program Director	MS	39	16.08.2007	14	600,455	Honeywell Technology Solutions	Learning Leader
123	Satish Kumar Thirunakar	Senior Director	P.GDM	41	01.12.2002	20	790,583	DGipro Systems	Business Development Manager
124	Shajan Joseph	Program Director	B.Tech	41	28.11.2005	18	2,363,700	Philips Semiconductors	Program Manager
125	Srinivasan Chandrasekar	Vice President	MS	41	02.03.2005	21	487,015	Sum Total System	Vice president
126	Sundarajan V	Vice President	ACA	53	21.03.2003	29	8,619,734	BPL	Head Finance

Part of the Year - Transfers

127	Vishweshwar Mangalapalli	General Manager	MBA	42	01.08.2003	19	2,357,940	Infosys	Project Manager
128	Krishna Prabu	Senior Project Manager	BE	35	12.12.2001	13	2,298,681	SmartSoft Solutions	Software Engineer -Oracle DBA
129	Mathew M	Project Manager	M.sc	37	14.06.2004	11	333,320	SI Global Services (Asia Pacific)	System Analyst
130	Rahul Mohandas	Principal Consultant	B.Tech	35	24.02.2003	13	2,159,236	Bangalore Labs	Security Consultant
131	Rajesh Gupta	General Manager	M.Tech	44	06.06.2005	20	657,573	Satyam Computers	Consultant
132	Rohit Srinivasan	Principal Consultant	BE	33	15.11.1999	12	2,093,495	Wipro	Software Engineer

Notes:

- Gross remuneration includes salary+ company contribution to PF + bonus/Incentives + perk tax + other perks/allowances.
- None of the employees is related to any director of the Company.
- The terms of employment of the above-referred employees are contractual and they perform such duties as prescribed there under.
- None of the above-referred employees (except for Mr. Ashok Soota - 11.24%, Mr. Subroto Bagchi - 5.29%, Mr. Krishnakumar N - 4.99%, Mr. Janakiraman S - 2.56%, Mr. Parthasarathy N S - 1.57%, Mr. Rostow Ramanan - 1.01%) hold shares exceeding 1% as on March 31, 2010.

For and on behalf of the Board of Directors

Bangalore
April 28, 2010Ashok Soota
Executive ChairmanKrishnakumar Natarajan
CEO & Managing Director

Corporate Governance Report

Company Philosophy

MindTree Limited (formerly MindTree Consulting Limited, 'MindTree' or 'the Company'), looks upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. Good corporate governance is about enhancing value for all our stakeholders. The Company is committed to adopting global best practices in corporate governance and disclosure.

The Company believes in ethical business conduct, integrity and commitment to values which enhance and retain stakeholders' trust, and are the hallmarks of good corporate governance.

MindTree Minds are guided by MindTree's CLASS values. CLASS stands for Caring, Learning, Achieving, Sharing and Socially responsible. These values are core to MindTree and have been integrated into every aspect of our work. We believe that integrity is a core attribute of being socially responsible. A MindTree Mind is expected to adhere to the highest standard of integrity. We have a clearly articulated Integrity Policy which is available to all MindTree Minds. All MindTree Minds, irrespective of level, role and location are bound by it. The policy is explained to leaders who are expected to steer compliance throughout the organization.

In the conduct of MindTree's business and in our personal dealings that affect MindTree's business, we abide by the principles of honesty, openness and doing what is right and fair. These are the principles that must guide our behavior at all times.

Following are the salient features of our Corporate Governance philosophy:

1. Act in the spirit of law and not just the letter of law;
2. Do what is right and not what is convenient;
3. Provide complete transparency on our operations; and
4. Follow openness in our communication to all our stakeholders.

The 3-Tier Corporate Governance Structure at MindTree

- (a) Shareholders appoint and authorize the Board of Directors ('BOD') to conduct business with objectivity and ensure accountability to all shareholders.
- (b) BOD lead the strategic management of the Company on behalf of the shareholders, exercise supervision through direction and control and appoint various committees to handle specific areas of responsibilities.
- (c) The committees of the BOD and executive management appointed by the BOD take up specific responsibilities and day-to-day tasks to ensure that the activities of the Company run according to the strategies set by the BOD.

First Tier: Governance to Shareholders

Forthcoming Annual General Meeting ('AGM')

Annual General Meeting ('AGM') for the year 2009-10 is scheduled on July 20, 2010 at 10.00 AM at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025, Karnataka, India.

Those of you who cannot attend the meeting in person, can appoint a proxy to represent you in the meeting, for which you need to fill in a proxy form and send it to us on or before 10.00 AM on July 18, 2010.

Annual general meetings of earlier years

For the year 2006-07, we held our AGM on July 25, 2007 at 9.30 AM at St. John's Auditorium, National Academy of Health Science, John

Nagar, Bangalore 560 034. The following three special resolutions were passed:

- (i) Approval for issue of shares pursuant to Employee Stock Option Plans ('ESOP');
- (ii) Approval for issue of shares pursuant to Director Stock Option Plan ('DSOP'); and
- (iii) Approval for investment by Foreign Institutional Investors (FIIs) in the equity share capital of the Company upto 100% of share capital of the Company.

For the year 2007-08, we held our AGM on June 30, 2008 at 10.00 AM at, Shivaratheswara Centre, JSS Educational Complex, 1st Main, 8th Block, Jayanagar, Bangalore 560 082 and a special resolution was passed for approval for making variation in the utilisation of IPO proceeds as allocated in the prospectus of the Company.

For the year 2008-09, we held our AGM on July 3, 2009 at 10.00 AM at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025, Karnataka, India and a special resolution was passed for approval of payment of remuneration to independent and non-executive directors of the Company.

Extra-Ordinary General Meetings ('EGM') of earlier years

For the year 2006-07, we held our EGM on November 16, 2006 at 10.30 AM at the registered office of the Company. The following four special resolutions were passed:

- To borrow monies and to make loans or investments;
- To alter Memorandum and Articles of Association for consolidation of 5 shares of Rs. 2 each into one share of Rs. 10 each;
- To issue bonus shares in the ratio of 4 equity shares of Rs. 10 each for every one equity share of Rs. 10 each; and
- To approve the DSOP and ESOP plans and issue and allot equity shares under DSOP 2006 and ESOP 2006 plans.

No Extra-Ordinary General Meeting was conducted for the year 2007-08.

For the year 2008-09 we held our EGM on December 22, 2008 at 10.30 AM at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025. The following two special resolutions were passed:

- To approve employee stock option plan- ESOP 2008 A scheme (Program 5).
- To approve issue of stock options to employees of subsidiary companies.

No Postal ballot was conducted during the financial year ending March 31, 2010.

Financial year 2010-11

Our tentative calendar for declaration of results for the financial year 2010-11 is given as below:

Financial Results	Likely release of results
For the quarter ending June 30, 2010	July 19, 2010
For the quarter ending September 30, 2010	October 18, 2010
For the quarter ending December 31, 2010	January 18, 2011
For the year ending March 31, 2011	April 28, 2011
12th Annual General Meeting	July 20, 2011

Dividend for the year 2009-10

Your BOD had declared an interim dividend of Re. 1 per share on the equity shares of Rs 10 each (par value) on October 26, 2009 and was

paid to the shareholders who were on the register of members of the Company as on the record date at the closing hours of November 6, 2009. Your BOD has also recommended a final dividend of Rs.2 per share on the equity shares of Rs.10 each (par value) for the year ended March 31,2010. Dividend if approved at the 11th annual general meeting will be paid to the shareholders within the statutory period.

Recognition and Awards

During the year, your Company was adjudged Best Indian Company in Asia in Corporate Governance by Asiamoney and ranked No.2 in Asia. MindTree's CFO Mr.Rostow Ramanan was adjudged Best Investor Relations Officer in India.

The selection criteria for this award included best board systems and procedures, board independence and governance, transparency and disclosure, stakeholder value enhancement, corporate social responsibility, creative and contributive capabilities of top management, future vision and other good corporate governance initiatives.

MindTree was also honoured with the Asian Most Admired Knowledge Enterprise (MAKE) Award 2nd year in a row and the Indian MAKE Award 4th year in a row and was top ranked for creating a corporate knowledge-driven culture.

Your Company believes in ethical business conduct, integrity, transparency and commitment to values which in turn enhance and retain stakeholders' trust.

Means of Communication

At MindTree, we would like to constantly communicate to our investors about our operations and financial results. Besides publishing the abridged financial results in Business Standard / Mint and Samyuktha Karnataka (the regional newspaper as per the clause 41 of the listing agreement), the full financial statements have been published on our website (www.mindtree.com). The transcripts of the quarterly earnings calls with analysts have also been published on our website. We also have started sending financial updates to all investors whose e-mail is registered/made available to us.

Corporate Identity Number ('CIN')

Our Corporate Identity Number (CIN) allotted by Ministry of Corporate Affairs, Government of India is L72200KA1999PLC025564 and the Company Registration No. is 25564. Our Company is registered in the State of Karnataka, India.

Dematerialization of Shares

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As of March 31, 2010, 96.57% of the Company's shares are held in electronic form.

Distribution of Shareholding

Range of equity shares held	As at March 31, 2010				As at March 31, 2009			
	No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
Upto 500	65,898	97.95%	2,322,361	5.88%	74,006	98.46%	2,659,238	6.99%
501-1,000	592	0.88%	440,862	1.11%	508	0.68%	388,375	1.02%
1,001-2,000	330	0.49%	468,443	1.19%	287	0.38%	409,632	1.08%
2,001-3,000	122	0.18%	307,775	0.78%	108	0.14%	267,604	0.70%
3,001-4,000	58	0.09%	200,398	0.51%	68	0.09%	237,846	0.63%
4,001-5,000	46	0.07%	210,275	0.53%	37	0.05%	171,874	0.45%
5,001-10,000	73	0.11%	524,000	1.32%	60	0.08%	438,671	1.16%
10,001 and above	154	0.23%	35,040,880	88.68%	91	0.12%	33,423,446	87.97%
Total	67,273	100%	39,514,994	100%	75,165	100%	37,996,686	100%

Investor Grievances & Share Transfer System

We have an Investor Grievances Committee represented by the BOD to examine and redress shareholders' and investors' complaints. The process and approval of share transfer has been delegated to the Company Secretary. The Company Secretary approves the share transfers and reports the same to the Board of Directors at their quarterly meeting.

For shares transferred in electronic form, after confirmation of sale / purchase transaction from the broker, shareholders should approach their respective depository participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to either Company or share transfer agent to register the share transfer.

For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Link Intime India Pvt. Ltd (formerly Intime Spectrum Registry Limited), our registrar and share transfer agent.

Address of Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai 400 078, India
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MindTree Limited,
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Compliance Officer
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Ph : +91-80-6706 4000 , Fax : +91-80-6706 4100
Website: www.mindtree.com

Listing on Stock Exchanges

Your Company's equity shares are listed on the following stock exchanges as at March 31, 2010:

- Bombay Stock Exchange Limited ('BSE')
- National Stock Exchange of India Limited ('NSE')

Exchange	NSE	BSE
Code	MINDTREE	532819
Reuters	MINT.NS	MINT.BO

Listing fees for 2009-10 has been paid both for NSE and BSE.

ISIN Number : INE018I01017

Shareholding pattern

As on March 31, 2010

Category	Category of the shareholder	Number of shareholders	Total number of shares	Number of shares held in demat form	% holding
(A)	Promoter and Promoter Group Holding				
1	Indian Promoters				
	Individuals/ Hindu Undivided Family	11	11,124,530	10,909,247	28.15
2	Foreign Promoters				
	Bodies Corporate	1	1,705,663	1,705,663	4.32
	Total Promoter and Promoter Group Holding	12	12,830,193	12,614,910	32.46
(B)	Public Shareholding				
1	Institutional Investors				
(a)	Mutual Funds/ UTI	38	4,593,574	4,593,574	11.62
(b)	Financial Institutions/ Banks	10	460,451	460,451	1.17
(c)	Foreign Institutional Investors	45	6,237,791	6,237,791	15.79
	Sub-total (B 1)	93	11,291,816	11,291,816	28.58
2	Non-institutions				
(a)	Bodies Corporate	770	5,345,418	5,345,418	13.53
(b)	Individuals				
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	65,391	3,766,252	3,589,095	9.53
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	44	1,144,639	1,051,389	2.90
(c)	Clearing members	204	105,392	105,392	0.27
(d)	Foreign Nationals	6	224,731	184,881	0.57
(e)	NRIs (Repatriate)	576	282,779	224,344	0.72
(f)	NRIs (Non-Repatriate)	160	52,849	52,849	0.13
(g)	Foreign Companies	3	4,434,453	3,671,914	11.22
(h)	Directors/Relatives	1	6,730	6,730	0.02
(i)	Trusts	13	29,742	24,742	0.08
	Sub-total (B 2)	67,168	15,392,985	14,256,754	38.95
	Total Public Shareholding				
	(B) = (B 1) + (B 2)	67,261	26,684,801	25,548,570	67.53
	Total = (A)+(B)	67,273	39,514,994	38,163,480	100.00

Second Tier: Governance by the BOD

Composition:

The Company has a balanced mix of Executive and Non-Executive directors. As at March 31, 2010, the Board has 12 members consisting of eight Non-Executive members and four Executive members. Of the eight Non-Executive Directors, six are Independent Directors. The Chairman of the Board is an Executive Director.

Directorships (in other than MindTree) held as on March 31, 2010:

Name of Directors	Position	Relationship with other Directors	Age in years	Directorship in other Indian public companies	Position on Committees of Board of other Indian companies	
					As chairman	As member
Ashok Soota	Executive Chairman	None	67	-	-	-
Krishnakumar N	CEO & Managing Director	None	53	-	-	-
Subroto Bagchi	Founder and Executive Director	None	53	-	-	-
Janakiraman S	Founder and Executive Director	None	53	-	-	-
David B Yoffie	Non-Executive Director and Independent Director	None	55	-	-	-
Rajesh Subramaniam	Non-Executive Director, Nominee Director for Walden Software Investments Limited, an equity investor in the Company.	None	38	1	-	1
Siddhartha V G	Non-Executive Director, Nominee Director for Global Technology Ventures Limited, an equity investor in the Company.	None	50	3	-	1
Dr. Albert Hieronimus	Non-Executive Director and Independent Director	None	63	1	-	-
George M Scalise	Non-Executive Director and Independent Director	None	76	-	-	-
Mark A Runacres	Non-Executive Director and Independent Director	None	50	-	-	-
Vittal N	Non-Executive Director and Independent Director	None	72	1	-	-
Srinivasan R	Non-Executive Director and Independent Director	None	68	11	3	5

Board Meetings

The calendar of BOD meetings is decided in consultation with the BOD and the schedule of meetings is communicated to all Directors in advance to enable them to schedule their effective participation during our Board meetings. Our Board met eight times in the financial year 2009-10 on April 1, 2009, April 27, 2009, July 20, 2009, September 23, 2009, September 28, 2009, October 26, 2009, January 19, 2010 and February 19, 2010.

The attendance of directors at the Board meetings and last AGM held on July 3, 2009

Name of Directors	Attendance at board meetings/ Total meetings after appointment as Director	Whether attended last AGM (Yes/No/NA)
Ashok Soota	7/8	Yes
Subroto Bagchi	7/8	Yes
Siddhartha V G	7/8	No
Krishnakumar Natarajan	8/8	No
Dr. Albert Hieronimus	4/8	No
George M Scalise	4/8	No
Mark A Runacres	4/8	No
Vittal N	4/8	Yes
Srinivasan R	8/8	No
Janakiraman S	8/8	Yes
David Yoffie	4/8	No
Rajesh Subramaniam	6/8	No

Directors' shareholding in the Company as on March 31, 2010

Name of Directors	No. of shares held
Ashok Soota	4,443,331
Subroto Bagchi	2,091,946
Siddhartha V G	-
Krishnakumar Natarajan	1,972,587
Dr. Albert Hieronimus	10,000
George M Scalise	-
Mark A Runacres	-
Vittal N	-
Srinivasan R	6,730
Janakiraman S	1,011,862
David Yoffie	-
Rajesh Subramaniam	-

Directors retiring by rotation

Dr. Albert Hieronimus, Mr. V.G. Siddhartha and Mr. R Srinivasan will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing AGM. Their brief resume is attached to the notice of AGM. The BOD has recommended their re-appointment and seeks shareholders approval.

Disclosure of related party transactions

During the year 2009-10, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of all related party transactions are disclosed in the notes to the accounts.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India ('SEBI') or any statutory authority, on any matter related to capital markets, during the period from April 1, 2009 to March 31, 2010.

The Company had complied with all requirements prescribed by SEBI and other statutory authorities on all matters relating to capital market from the period April 1, 2009 to March 31, 2010.

Whistle Blower

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

Compliance with mandatory and non-mandatory requirements under Clause 49 of the Listing Agreement

The Company has disclosed all the mandatory requirements under Clause 49 of the Listing Agreement.

Among the non-mandatory requirements of Clause 49 of the Listing Agreement, the Company has set up a Compensation committee and has a Whistle Blower policy in place.

Board disclosures –Risk management

The Company has laid down systems to inform Board members about the risk assessment and minimization procedures. The risks and Company's mitigation strategies are more fully described in the risk management section and these procedures are periodically reviewed by Board of Directors to ensure effective controls.

Information provided to the board members

- Annual operating plans and budgets including capital budgets and any updates thereof;
- Quarterly results for the Company and its business segments;
- Minutes of meetings of Audit Committee and other committees of the BOD;
- The information on recruitment and remuneration of senior officers just below the BOD level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and any acquisitions;

- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Significant development on Human Resources front;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives (variable component) to its Chairman, Managing Director and other Executive Directors. Annual increments are decided by the Compensation Committee within the salary scale approved by the Board members.

Criteria for making payment to Non Executive Directors

Section 309 of the Companies Act, 1956 provides that neither a director who is neither in the whole-time employment of the company nor a Managing Director may be paid remuneration by way of commission, if the company by special resolution authorizes such payment. Members of the Company at the annual general meeting of Company held on July 3, 2009, approved payment of remuneration by way of commission to independent and non-executive directors, a sum not exceeding 1% per annum of the net profits.

Details of remuneration to all Directors during the year 2009-10

Name	Fixed Salary (Incl Perks)	Bonus	Sitting Fees	Commission	Total Compensation
Ashok Soota	5,552,124	429,758	-	-	5,981,882
Krishnakumar N	4,016,947	313,510	-	-	4,330,457
Subroto Bagchi	3,695,359	322,551	-	-	4,017,910
Janakiraman S	3,583,346	146,533	-	-	3,729,879
Dr. Albert Heironimus	-	-	50,000	4,880,729	4,930,729
David B Yoffie	-	-	30,000	2,795,828	2,825,828
George M Scalise	-	-	50,000	3,797,401	3,847,401
Mark A Runacres	-	-	40,000	2,014,159	2,054,159
Vittal N	-	-	40,000	2,879,355	2,919,355
Srinivasan R	-	-	50,000	1,885,650	1,935,650
Rajesh Subramaniam	-	-	-	10,00,000	10,00,000
Siddhartha V G	-	-	-	-	-
Total			260,000	19,253,122	19,513,122

Period of Contract, Notice Period and Severance Pay of Directors Chairman, Managing Director and the Executive Directors

There is no specific period of contract of service for Chairman and for Executive Directors. The notice period is 6 months. The Managing Director has been appointed for a period of five years.

Nominee Directors

Some of our large investors have nominated their representatives to our Board. Their nomination and service are determined by the Shareholders' Agreement between the Promoters of the Company and the investors.

Independent Directors

Period of contract and notice pay is not applicable to the Independent Directors. They will retire by rotation.

There is no severance pay to any of the independent directors.

Stock Options to Independent Directors

The following table shows the details of stock options granted to Independent Directors outstanding as at March 31, 2010. The contractual life of each option is 4 years after the date of the grant.

Name	Stock options (No.)	Grant price
George M Scalise	30,000	Rs 300
Mark A Runacres	10,000	Rs 300
Vittal N	4,251	Rs 300
Srinivasan R	3,270	Rs 300
Dr. Albert Hieronimus	20,000	Rs.355
David B Yoffie	30,000	Rs.238

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 at the time of vesting.

Details of shareholdings by investors who have nominees on our Board as on March 31, 2010 are given below:

Name of the Shareholder	No. of shares held	% to share capital of the Co.
Walden Software Investments Limited	3,964,205	10.03%
Global Technology Ventures Limited	2,648,561	6.70%

Third tier: Governance by the Sub-Committees of the Board of Directors

Board Committees

The Board has constituted the Committees and has assigned their terms of reference. The Chairman of each Committee along with the other members of the Committee, and if required other members of the Board, decide the agenda, frequency and the duration of each meeting of that Committee.

Currently, the Board has five Committees:

1. Audit Committee
2. Investor Grievances Committee
3. Compensation Committee
4. Administrative Committee
5. Strategic Initiatives Committee

Audit Committee

The Audit Committee reports to the BOD and is primarily responsible for:

- Appointment and changes to the statutory auditors and internal auditors;
- Assess the independence and objectivity of the auditors and to ensure that the nature and amount of non-audit work does not impair the auditor's independence and objectivity;
- Fix the remuneration of the statutory and internal auditors;
- Review of the reports of the statutory auditors and internal auditors;
- Review critical accounting policies and any changes to such policies;
- Review of the quarterly and annual financial statements of the Company before they are presented to the Board;
- Review and approve any transactions with related parties;
- Review and assess the effectiveness of systems for internal financial control, financial reporting and risk management and compliance controls with management and auditors;
- Review any material breaches of compliance against regulations applicable to the Company;
- Review any concerns raised by MindTree minds or others about possible improprieties in financial reporting, including management override of internal controls and financial irregularities involving management team members; and
- Any other matter referred to the Audit Committee by the BOD of the Company.

Audit Committee Meeting and attendance

The Audit Committee has met four times during the year on April 27, 2009, July 20, 2009, October 26, 2009 and January 19, 2010

Members of Audit Committee and details of the attendance of directors are given below:

Director	Category	Position	Attendance
Vittal N	Independent Director	Chairman	4/4
Siddhartha V G	Non-Executive Director	Member	4/4
Dr. Albert Hieronimus	Independent Director	Member	4/4
Srinivasan R	Independent Director	Member	4/4

Investor Grievances Committee

The Investor Grievances Committee is responsible for:

- Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, and
- Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee.

The Investor Grievances Committee consists of the following directors:

- Dr. Albert Hieronimus, Chairman, Independent Director
- Subroto Bagchi, Executive Director
- Janakiraman S, Executive Director

Mr. Rajesh Narang, Head Legal & Company Secretary acts as the Chief Compliance Officer.

The Investor Grievances Committee met on April 27, 2009 & October 26, 2009.

Details of complaints received and resolved for the year ended March 31, 2010 are as below:

Nature of complaints	Opening	Received	Resolved	Outstanding as at 31 March 2010
Non receipt of refund orders and/or non credit of shares in dematerialised account	-	48	48	-

Compensation Committee

The Compensation Committee is responsible to:

- Assist the BOD in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- Approve and make recommendations to the BOD in respect of director's fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the executive directors, including the Chief Executive Officer;
- Review and approve the compensation and ESOP grant to senior executives, needing approval from the BOD;
- Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees;
- Review and approve the change in terms and conditions of the ESOP;
- Criteria for selection and appointment of Non-Executive Directors; and
- Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or Director's compensation.

The Compensation Committee comprises of the following Directors:

- Mark A Runacres, Chairman, Independent Director
- Sidhartha V.G, Non-Executive Director
- Srinivasan R, Independent Director

Mr. Puneet Jetli, Senior Vice President and Head- People function is the Secretary to the Compensation Committee.

The Compensation Committee met twice on April 27, 2009 and October 26, 2009 during the year.

Administrative Committee

The Board has constituted an Administrative Committee. The purpose of the Administrative Committee is to authorize and manage the day-to-day business transactions, which would then be ratified by the Board. The Administrative Committee consists of Mr. Ashok Soota - Chairman, Mr. Subroto Bagchi - Member and Mr. Siddhartha V G - Member. This Committee meets as and when there is a need to carry out any urgent business transaction, which would need the approval of the BOD.

Strategic Initiatives Committee

The Board had constituted a Strategic Initiatives Committee on January 22, 2008 to handle any merger and acquisition opportunities for the Company and other key strategic activities.

Strategic Initiatives Committee is responsible for:

- Approval for entry into new business areas;
- Approval for setting up new delivery centres outside India;
- Investment in the equity or warrants of any other company, other than routine investments in mutual funds or bank deposits or the like;
- Approval for any merger or acquisition opportunities, including any funding arrangements entered into by the Company for such activities; and
- Any other matter that may be entrusted to the Committee by the Board.

The members of this Committee are:

- Ashok Soota, Chairman
- Krishnakumar Natarajan, Member
- Dr. Albert Hieronimus, Member
- R Srinivasan, Member
- V G Siddhartha, Member
- Rajesh Subramaniam, Member

Salil Godika, Chief Strategy Officer is the secretary to this committee.

The frequency, notice, agenda, duration etc., for meetings of the Strategic Initiatives Committee shall be set by the Chairman of the Committee.

Governance by the Management

Details of Public Issue and Utilization thereof

During 2006-07, MindTree raised funds through an Initial Public Offer ('IPO') of 5,593,300 equity shares of Rs 10 each at a premium of Rs 415 per share. The issue was open for subscription for the period from February 9, 2007 to February 14, 2007. An amount of Rs 2,377 million was raised through this IPO.

Market Price Data

The equity shares of the Company were listed in the stock exchanges for 2009-10. High, low and number of shares traded during each month in the last financial year on The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited are as mentioned below:

Date	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)
Apr-09	340.00	210.00	5,304,580	338.90	210.00	9,538,178
May-09	414.65	308.00	3,792,213	420.00	305.00	6,843,817
Jun-09	516.00	371.00	2,316,798	515.00	370.65	5,284,231
Jul-09	622.00	423.05	3,270,976	587.80	423.00	7,867,466
Aug-09	554.00	423.00	2,451,392	553.85	426.00	5,706,876
Sep-09	650.00	500.00	3,640,682	640.80	501.25	6,706,819
Oct-09	625.00	538.00	1,439,562	625.00	537.00	2,152,345
Nov-09	663.00	581.10	718,489	663.00	581.10	1,778,532
Dec-09	729.90	641.00	886,611	730.00	638.20	2,109,156
Jan-10	725.90	557.00	755,396	747.00	560.00	2,247,182
Feb-10	612.00	518.00	399,532	611.10	513.10	1,320,154
Mar-10	633.60	515.55	1,338,381	633.55	515.10	3,239,113
Total			26,314,612			54,793,869

The utilization of IPO proceeds is as below:

Rs. in Million

Particulars	Projection in prospectus	Variation approved by Shareholders*	Actual utilized till March 31, 2010*
Fund a new development centre in Chennai	1,207	812	812
Prepay certain loans	188	114	114
General corporate purposes	753	1,262	1,262
Share issue expenses	229	189	189
Total	2,377	2,377	2,377

*Variation in utilisation of IPO proceeds was approved by shareholders through postal ballot on March 17, 2008 and AGM held on June 30, 2008.

Management Discussion and Analysis

As required by Clause 49 of the listing agreement, the Management Discussion and Analysis is provided elsewhere in the annual report.

CEO/CFO Certification

As required by Clause 49 of the listing agreement, the CEO/CFO certification is provided elsewhere in the annual report.

Mergers & Amalgamation

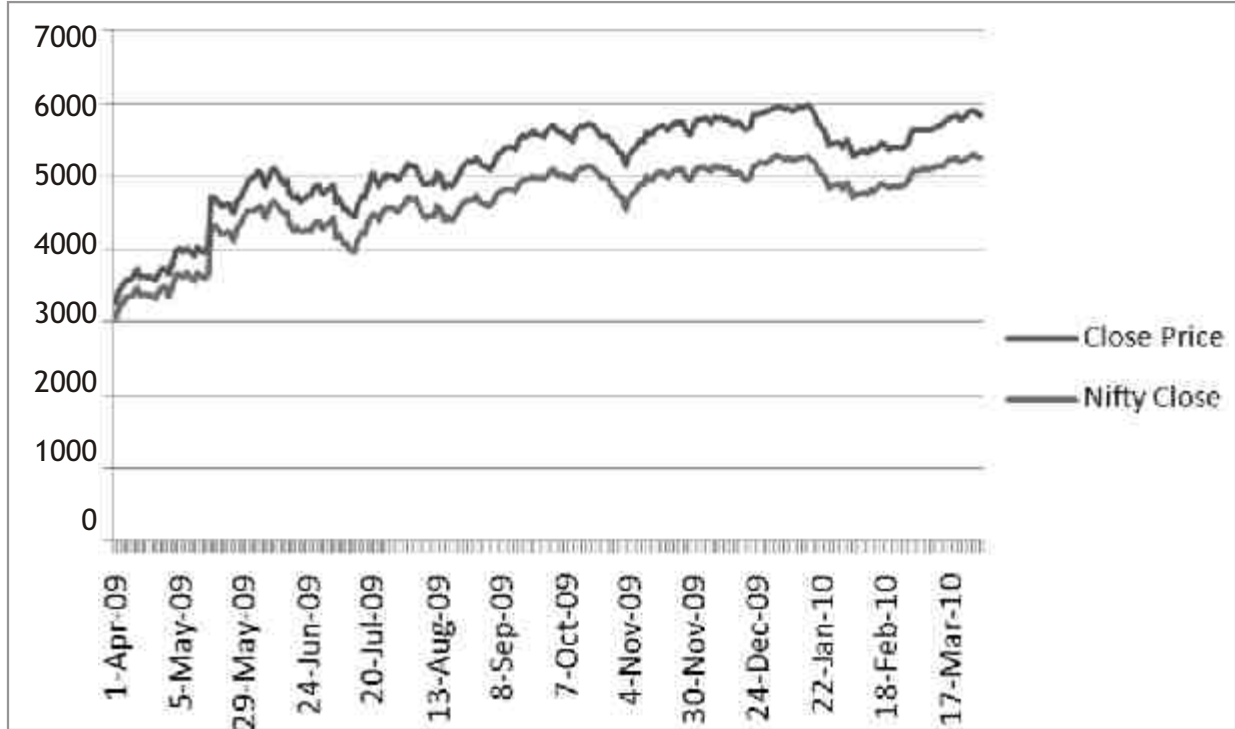
Your Company had filed an application with the Hon'ble High Court of Karnataka for the Amalgamation of Aztecsoft Limited with the Company. During the current year approval of the Amalgamation was received from the Hon'ble High Court of Karnataka on June 3, 2009. In terms of the scheme, Aztecsoft Limited was amalgamated with your Company with effect from April 1, 2009.

The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, Accounting for Amalgamations. Pursuant to the aforesaid scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 1,359,944,225 resulting from the aforesaid amalgamation was adjusted against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs 1,359,944,225 would have been required to be amortized as per the Company's accounting policy. The other salient features of the scheme and accounting treatment followed for the merger has been disclosed under Notes to Accounts Schedule 16 item 4 and forms part of the annual report.

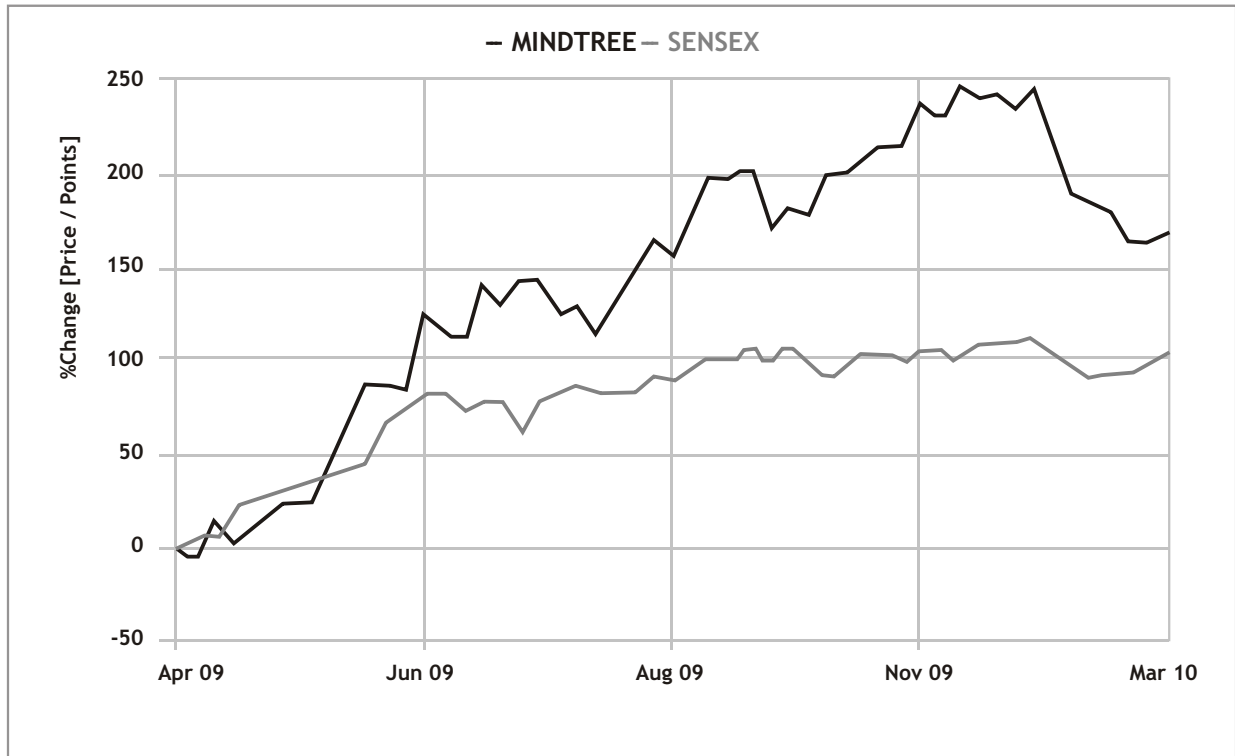
Auditors Certificate on Corporate Governance

As required by Clause 49 of the listing agreement, the auditor's certificate is obtained and provided in the annual report.

MindTree - NSE



MindTree - BSE



Management Discussion and Analysis

Readers are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will” and “expect” and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company's financial statements included in this report and the notes thereto. Investors are also requested to note that this discussion is based on the consolidated financial results of the Company.

Synopsis

We entered FY 2010 when the environment saw the unfolding of a global economic crisis. Growth was a challenge for every industry globally. The situation improved towards the end of FY 10. Though business activity still remains below the pre-crisis levels, the recovery could be seen in increased spending: by business, Government and consumers.

Despite the current economic challenges, we have shown decent revenue growth over previous year. We posted a consolidated annual revenue growth of 4.7% in Rupee terms and PAT growth of 310.7%. Last year, we setup ambitious goal of becoming a \$1 Bn organization and we are gearing up to address the challenges through our growth engines. In October 2009, we acquired Kyocera Wireless India Pvt Ltd and subsequently launched a new business called Next In Wireless (NIW) marking our entry into the development of ready to brand mobile handset products and Intellectual Property in the area of cellular infrastructure. We expect to launch these products to the market in Q3/Q4 of 2010-11. Since this is a new initiative, the financial performance of the NIW business would depend on the success of the products when they are launched.

In the MindTree Customer Experience Survey during the year, 92% of customers gave a rating of 4 and above (on a scale of 5) on overall satisfaction and 96% of them rated 4 and above (on a scale of 5) on their willingness to do repeat business. We were ranked among the top 5 global R&D services providers by Zinnov Management Consulting Pvt. Ltd and were also named among the top 10 global Outsourced Product Development (OPD) service providers for 2009 by Global Services and NeolT in their global services 100 study. We have been ranked 43rd in the 2010 Global Outsourcing 100 by the International Association of Outsourcing Professionals. We were ranked No 2 in Asia and declared overall winner in India in the Asiamoney Corporate Governance Poll 2009. We were ranked amongst the fastest growing technology companies in Asia Pacific by Deloitte Technology Fast 500 Asia Pacific 2009.

Economy & Indian IT Industry

The IT industry had a difficult year as the industries it enables were facing a slowdown. According to Gartner, in USD terms, global IT services dropped by 4% in 2009 and is expected to grow by 5.7% in 2010 to \$821Bn.

Indian IT industry has grown in strength and value, and today serves a significant portion of the global information technology outsourcing needs, by leveraging its large, highly qualified and growing talent base. As per NASSCOM, Indian IT exports is estimated to grow by 5.5% in FY2010 to reach \$49.7Bn in value, almost touching the \$50Bn landmark. IT industry contributes over 25% of India's total exports. As a proportion of national GDP, the sector revenues have grown from 1.2% in FY1998 to an estimated 5.8% in FY2009. NASSCOM estimates that direct employment would grow by 4% and cross 2.3 million with over 90,000 jobs added in FY09-10.

After demonstrating unmatched capabilities as 'offshore service providers', Indian IT vendors have already started building larger front-ending presence in client locations predominantly in the US and Europe, through high-value services such as consulting and integrating these services into their delivery models. Today, Indian players successfully compete aggressively for large global deals through providing a range of services at competitive costs.

Today, customers worldwide are looking at IT to provide tangible business value to help them differentiate themselves in the markets that they compete in, apart from cost benefits. In such an environment, it becomes imperative that technology providers understand the business of their customers well and incorporate a solution-based approach rather than a technology-led approach. In this aspect too, Indian IT companies are working towards narrowing the gap with respect to the large incumbents. We have been building high domain and consulting capabilities to serve our customers better.

Indian IT is also playing a key role in global technology IP creation. NASSCOM reports that new areas such as Engineering Services and Product Development generated significant momentum clocking combined revenue of over USD 10 billion in FY2010.

Financial Performance

The financial performance discussed below is based on the consolidated financial results for the year ended March 31, 2010.

The Company had filed an application with the Hon'ble High Court of Karnataka for the merger of Aztecsoft (“Aztec”) with the Company. Approval of the merger was received from the Hon'ble High Court of Karnataka on June 3, 2009. In terms of the scheme, Aztec was amalgamated with the Company with effect from April 1, 2009.

During the year, the Company acquired 100% of equity share capital of Kyocera Wireless (India) Private Limited ('KWI') at a cost of Rs. 437 million.

Subsequent to the acquisition, the name of KWI was changed to MindTree Wireless Private Limited ('MWPL') and MWPL's results have been consolidated with the company effective October 1, 2009.

The Company has filed an application with the Hon'ble High Court of Karnataka for the merger of MWPL with the Company effective April 1, 2010.

Income

Income from software development:

						Rs. in Million
Revenue	Year ended March 31, 2010	%	Year ended March 31, 2009	%	Growth %	
Overseas	12,046	92.9	11,609	93.8	3.8	
Domestic	914	7.1	766	6.2	19.3	
Total	12,960	100.0	12,375	100.0	4.7	

Our revenues for the year is Rs. 12,960 million and have shown a good growth of 4.7%.

We have 258 active customers as at March 31, 2010 of which 40 are Fortune 500 accounts.

Our million dollar client count is follows:

No of million dollar clients	March 31, 2010	March 31, 2009
\$1 million clients	60	64
\$5 million clients	13	13
\$10 million clients	5	3

We provide our software development services on time-and-material basis or fixed-price basis. Revenue from software development on time-and-material basis is recognized as and when 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. Our revenues by project type are as follows:

Project Type	March 31, 2010	March 31, 2009
Fixed price	25.5%	13.1%
Time and Material	74.5%	86.9%
Total	100.0%	100.0%

Our revenue breakdown by service offerings is given below:

Service offerings	March 31, 2010	March 31, 2009
Development	50.1%	48.4%
Maintenance	21.2%	22.4%
Consulting and IP Licensing	2.7%	3.7%
Package Implementation	4.4%	3.8%
Independent Testing	17.6%	18.3%
Infrastructure Management and Tech Support	4.0%	3.4%
Total	100.0%	100.0%

We derive revenues from services provided both offshore and onsite. Offshore revenues consist of revenues from software services work conducted in our offshore facilities in India. Onsite revenues consist of revenues from software services work conducted at clients' premises or from our premises outside India. Services performed at a client site or our premises located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India. The mix in this category is as follows:

	March 31, 2010	March 31, 2009
Effort mix		
Onsite	11.7%	12.6%
Offshore	88.3%	87.4%
Total	100.0%	100.0%
Revenue mix		
Onsite	28.4%	29.8%
Offshore	71.6%	70.2%
Total	100.0%	100.0%

We have classified our revenues into four geographic segments comprising the Americas, Europe, India and Rest of the World. The geographic break down of revenues contained in the following table is based on the location of the specific client entity for which the project has been executed, irrespective of the location where the invoice is rendered or whether the work for a specific client entity is performed onsite or from our offshore delivery centres in India.

Rs. Million

Year ended	March 31, 2010	%	March 31, 2009	%
America	8,421	65.0	8,080	65.3
Europe	2,555	19.7	2,439	19.7
India	774	6.0	780	6.3
Rest of World	1,210	9.3	1,076	8.7
Total	12,960	100.0	12,375	100.0

Our operations predominantly relate to providing services in 2 primary business segments viz. IT Services and Product Engineering Services (PES). Revenues in these segments are as follows:

Year ended	Rs. Million				
	March 31, 2010	%	March 31, 2009	%	Growth %
IT Services	6,980	53.9	7,128	57.6	(2.1)
PE Services	5,980	46.1	5,247	42.4	14.0
Total	12,960	100.0	12,375	100.0	4.7

Revenue mix by Industry Groups (Verticals) are as follows:

Industry Groups (Year ended)	March 31, 2010	March 31, 2009
Manufacturing	12.7%	16.1%
Banking, Financial and Insurance	17.2%	17.5%
Travel and Transportation	13.9%	12.7%
R&D Services (RDS)	14.4%	17.7%
Software Product Engineering (SPE)	28.3%	24.7%
Next in Wireless (NIW)	3.4%	-
Others	10.1%	11.3%
Total	100.0%	100.0%

Note: RDS, SPE & NiW form part of PE Services

Other income

Other income for the year ended March 31, 2010 is Rs. 770 million and has increased by Rs 655 million over the previous year (Rs 115 million). This is mainly because of exchange gains resulting from reversals in Mark To Market (MTM) provisions, since the rupee appreciated from 50.72 to a dollar at March 31, 2009 to 44.90 at March 31, 2010.

Analysis of expenses

- Software development expenses as a % of revenues has increased from 56% to about 62% in FY 2010. This is mainly because of increase in bonus costs for the year linked to the higher profitability in FY 2010 compared to FY 2009.
- Administrative expenses (excluding exchange loss) as a % of revenue has increased from 17% in the previous year to 19.5% in the current year. We are investing in customer facing positions such as dedicated account managers and business development managers for some of our businesses such as IMTS and also to bring in a consulting led approach to our clients. We believe that this is a good investment to make, to prepare for the future. However we are cost conscious and where we believe where we can bring in cost optimization in other areas, we are continuously monitoring and implementing adequate measures.
- Interest decreased from Rs.162 million to Rs 27 million mainly because loans were repaid during the year

Profitability and Margins

- EBITDA margins were at 18.9% for the year ended March 31, 2010 as compared to 27% in the previous year due to reasons explained above. Given the current outlook on our services business, the EBITDA margins on our services business is likely to be stable.
- Our effective tax rate based on current taxes is about 15.6% as compared to about 11% in the previous year.
- Net profits have increased significantly by about 310.7% (16.6% as a % of revenues from 4.2% in the previous year) mainly due to reversals of MTM provisions as explained earlier.

Significant changes in Balance Sheet items

- Increase in reserves and surplus of Rs 1,179 million due to:
 - Securities premium account decreased by Rs 1,055 million because of goodwill adjustment of Rs 1,407 million (Goodwill arising on merger of Aztec has been set off against the

securities premium account as per the Scheme of Amalgamation). Increases are on account of allotment of shares to shareholders of Aztec in accordance with the scheme of amalgamation (Rs 262 million) and exercise of employee stock options (Rs 90 million).

- General reserve increased from Rs 202 million to Rs 410 million due to current year transfer to reserve on account of dividend (as per limits prescribed by the Companies Act).
- Stock option outstanding account increased by Rs 5.1 million.
- Capital Reserve increased by Rs 1.9 million.
- In accordance with AS 30, derivative instruments which qualify for cash flow hedge accounting, the resultant exchange gain is credited to hedging reserves to the extent of Rs 217 million (previous year loss of Rs 98 million).
- Balance in Profit and loss account increased from Rs 2,435 million to Rs 4,237 million due to current year profits.
- There are no secured loans outstanding at year end as all the loans have been repaid.
- During the year, we received an additional unsecured loan from Council for Scientific and Industrial Research (CSIR) for Rs 12.5 million. Under the directions of Government of India, CSIR is implementing a scheme entitled New Millennium Indian Technology Leadership Initiative (NMITLI) that seeks to realize the vision of developed India in Science & Technology. The scheme envisages to support innovation centered scientific & technological developments as a vehicle to attain for the country a global leadership position at least in some selected niche areas. MindTree has been selected to do a project under "Development of Intelligent Video Surveillance Server (IVSS) system.
- Additions to fixed assets at March 31, 2010 was Rs 978 million (prior year Rs 1,533 million) mainly on account of MWPL consolidation (Rs 623 million). MindTree standalone additions were not significant (Rs 355 million), which was on account of routine capital expenditure and interiors for our Phase 3 facility at Global village.
- Investments have increased by Rs 259 million as our cash generation has been healthy.
- Consolidation of MWPL has resulted in goodwill of Rs 154 million.
- The Days Sales Outstanding (DSO) on debtors at March 31, 2010 is

68 days as compared to 70 days at March 31, 2009. The DSO has been stable for the last 3 quarters and below 70 days due to focused efforts on collections.

- Loans and Advances have increased from Rs. 1,520 million to Rs. 2,068 million. The main reasons are increase in advance taxes and MAT (Rs. 314 million), unbilled revenue (Rs. 78 million), inter corporate deposits (Rs. 61 million) and other advances (Rs. 95 million) mainly due to MWPL consolidation.
- Current liabilities and provisions have decreased by Rs. 478 million mainly on account of reversals of MTM provisions as explained earlier and offset by increases in proposed dividend, bonus provisions and provision for foreign taxes.

Strengths & Opportunities

We believe that the following aspects help us differentiate from some of our competitors:

Long term client relationships: With time, we have demonstrated our ability to manage large client relationships and outsourcing engagements. We are ranked 43rd among the Leaders in the 2010 Global Outsourcing 100 list by International Association of Outsourcing Professionals (IAOP). We are the first Indian company to receive Texas Instruments (TI) 2008 supplier excellence award.

We conduct a half-yearly customer experience survey with our clients to help us understand our clients' needs and expectations and improve client performance. We believe that our ability to be accessible to our customers, the personal attention we give them, our flexible approach and agility to meet customer requirements and our positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength. In the MindTree Customer Experience Survey during the year, 92% of customers gave a rating of 4 and above (on a scale of 5) on overall satisfaction and 96% of them rated 4 and above (on a scale of 5) on their willingness to do repeat business.

In our client engagements, we leverage our industry experience with our high quality processes, project management capabilities and breadth of technical expertise. Our ability to rapidly service client requirements, provide the right and committed resources both onsite in client geographies and offshore in India enables us to effectively respond to the demands of our large clients. Our senior executives and dedicated account managers continuously maintain and develop these relationships through multiple contacts at different levels in the clients' organizations. In addition, for strategic clients, an identified senior executive is responsible for the overall client relationship and conducts periodic reviews with the client.

Comprehensive range of Services: We have developed a comprehensive range of service offerings in the IT services, Product Engineering Services (R&D Services and Software Product Engineering) business and Knowledge Services (Analytics) in order to address the varied and expanding requirements of our clients.

To continually enhance the customer business value and be an integral part of customer's success, we have started to provide Knowledge Services (Analytics) as an offering. We see a good traction and demand for the knowledge services in the market. With delivery centers in India and the U.S., we offer IT strategy consulting, application development, data warehousing and business intelligence, application maintenance, package implementation, product architecture, design and engineering, embedded software, technical support, testing, and infrastructure management services to our customers. The R&D research team creates intellectual property primarily in the short-range wireless communication segment, which are licensed to our clients. We believe that our comprehensive range of offerings help our clients achieve their business objectives.

Global delivery model: Our hybrid delivery model OneShore represents our method for global development that achieves a balance of quality, cost savings and localizations. OneShore reflects

our company culture. We recognize that technology services firms cannot deliver quality and cost-and-time savings unless they are committed to integrating disparate people, cultures, business processes and skill sets into a single corporate vision. OneShore represents a fusion of global resources that is designed to enable us to pursue the same strategy and vision for our customers at a consistently high service level wherever they are located. The customer centric approach inherent in the OneShore model enables us to achieve high standards of quality in our delivery organization.

Preferred place to Work: We have consistently appeared in various surveys conducted to ascertain the best employers in India and have received various accolades in this regard. We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. We believe that it is our transparent evaluation criteria, inclusive approach to our people, focus on training, competitive compensation packages, being a value-based organization, open communications policies and our ability to prepare our people for leadership roles that has resulted in lower attrition rate. Widely known for our focus on human capital development, we have been consistently rated among the most admired employers by several industry surveys.

Knowledge Management and Innovation: We leverage on effective knowledge management techniques through a well planned knowledge ecosystem to nurture, share and tap knowledge. We view innovation and knowledge creation as a key strength that is and will continue to help us deliver value to our customers. This focus of ours has also resulted in our receiving industry recognitions such as the #1 rank for the Asian Most Admired Knowledge Enterprise (MAKE) Award, recognized by Teleos, in association with The KNOW Network. We have received many leading awards in this area.

Experienced management team: Our management team has enormous global experience in the IT industry. Our management team has come from diverse backgrounds and geographies and with different areas of specialization within the IT industry. The founding team is led by Ashok Soota, who was, immediately prior to co-founding MindTree, Vice Chairman of Wipro Limited, one of India's largest software companies. Ashok was conferred the Golden Peacock Award for Technology Leadership-2010 for his 'outstanding achievements and leadership qualities'. We are strongly consulting led in our IT Services business and strongly IP led in our R&D Services business.

Threats, Risks & Concerns

Legislation in existing markets could restrict companies to source: Restrictions on outsourcing services have been in the news for a while. While no substantive anti-outsourcing legislation has been introduced to date, the introduction of such legislation is possible. If introduced, such measures may hurt our prospects.

Pressure on pricing: In a highly competitive environment, customers have tough expectations on pricing. We are focusing on providing higher value and differentiated services to beat the pricing pressures. Our re-articulated Mission statement showcases our focus on customer's success and innovation like IP creation, specialization. We are looking at pillars like strong brand and domain expertise to differentiate ourselves.

Competition: We are organized into four divisions - Information Technology Services ("IT Services"), Software Product Engineering (SPE), Research and Development Services ("R&D Services") and Next in Wireless ("NIW"). The market for all these areas is highly competitive and rapidly evolving. We primarily face competition from Indian as well as international companies and captive offshore centers. Our mature global delivery model, range of services offered, our level of technical expertise and talented pool of people and our culture help differentiate us from some of our competitors. We believe that price alone is not a sustainable competitive advantage in an environment where IT and technology is becoming increasingly critical to our client's core corporate strategy. We have therefore

endeavored to develop competitive strength through our ability to provide personalized and differentiated service to our clients.

Talent acquisition: Our success depends in large part upon our highly skilled software professionals and our ability to attract and retain such personnel. Due to the limited pool of available skilled personnel, we face strong competition to recruit and retain skilled and professionally qualified staff. Our talent acquisition philosophy is to recruit for attitude, train for skill and develop for leadership roles. We follow a role-based selection process and place high emphasis on cultural fit of the prospective staff members with our organizational values. We have a robust process to evaluate needs and acquire talent in tune with our business needs. Our talent acquisition is driven by the annual business plan (covering number of people needed by location and their levels and roles in the organization), which is monitored and continually adjusted based on business visibility on a monthly basis. We are also expanding our locational presence to tap the talent pools in newer cities.

Foreign currency rate fluctuations: A major portion of our revenues are in foreign currencies and a significant portion of our expenses are in Indian Rupees. The exchange rate between the Rupee and the U.S. Dollar as well as other currencies has been very volatile in recent years and may continue similarly in future. Our operating results are impacted by fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar and other foreign currencies. Judiciously hedging against adverse foreign exchange exposures help in minimizing the impact of exchange fluctuations. We continue to maintain a prudent and balanced forex management policy which we expect will help us manage this risk appropriately.

Unstable law and order situation: Recent Government assessments indicate that the software industry could be a soft target for a terrorist attack. Nationally and internationally recognized facilities that offer ease of access, certainty of tactical success, and the opportunity to kill in quantity will guide target selection. As a growing and reputed company, we have taken stock of our preparedness to face this risk and build defense and response mechanisms. We have initiated some steps to enhance protection at all our centers.

Our Strategy

We provide comprehensive range of services viz. Independent Testing, Infrastructure Management & Support, IT services, Knowledge Services, R&D services, Software Product Engineering and Wireless Products. Our endeavor is to create success for our customers through innovative solutions or otherwise, delivered by happy people at workplace.

Protect and accelerate growth: We have identified certain strategic themes for all our growth engines. This includes scale Vs depth, focus segments, areas where we can break the dependence on the headcount model and bring in non linearity, non-core segments etc. We believe that these themes will be the pillars to scale up our company to the \$1 Bn target. For strategic accounts, we are investing in account management and mining to showcase our deep domain expertise in some of the areas we operate in. We have also identified areas where we would provide unmatched solutions. These solutions, we believe, would help us provide scope to add tremendous value to our customers in areas where not all IT players can match our offering and capabilities.

Leverage inorganic growth opportunities: Growing our business by leveraging our customer relationships and entering into new customer relationships remains a key priority. At the same time, we are also looking to grow inorganically if right candidates are available. We would continue to derive synergies from acquisitions both on cost and revenue perspectives.

Strengthening the MindTree brand: We continue our focus to strengthen the "MindTree" brand by enhancing our brand recognition and continue investing in developing the "MindTree" brand in our client markets within selected industries in India and abroad. We

seek to achieve this through various marketing initiatives including targeted analyst outreach programmes, trade shows, white papers, events, workshops, road shows, speaking engagements and global public relations management. We believe that a strong brand will contribute to attracting and retaining talented people and enhancing our lead generation process and client acquisition.

Make Next in Wireless (NIW) a substantial business: Our NIW business is developing a ready to brand 3G smart phone and IP in the area of cellular infrastructure. We expect to launch these products to the market in Q3/Q4 of 2010-11. Since this is a new initiative, the financial performance of the NIW business would depend on the success of the products when they are launched. If these initiatives are successful, they will greatly enhance our revenues and profitability.

Delivery Excellence: We intend to continue our focus on delivery excellence. Three factors where we are working on are: 1. Certainty: We aim to deliver projects with certainty- "on time, with quality, within budget and expected scope". This would be achieved through robust management practices, using tools and methodologies, continual competency development and new delivery structure. 2. Customer centricity: We continually focus to go to market with stronger consulting orientation (ROI, Business benefit), build best-in-class onsite program management capability and engage in core and critical application landscape. 3. Innovation: We continue to focus to deliver engagements based on Industry solution frameworks and execute engagements in a globally distributed model.

Continue to invest in MindTree culture: MindTree seeks to be one of the most admired Companies on the areas of Customer Satisfaction, People Management and Corporate Governance. We are known for our culture worldwide. We continually strive to make a fun filled and joyous workplace. We are implementing new practices for employees to improve work-life balance, inculcate values, perform better, get recognized and transparency. We hire local talent to bring diversity and stay close to market. We intend to implement programs for leadership development and engage & nurture high potential minds.

Outlook

Some of our new wins are showing good traction and are expected to step up in the current year. On our services business, based on current trends, we expect that we will attain growth rates higher than industry growth estimates of 13-15% provided by NASSCOM. Main segments that will fuel growth are BFSI, Travel and Transportation within ITS, Networking and Consumer markets within RDS and SaaS Engineering services within SPE. On the products business, as discussed earlier, being a new initiative, the financial performance will be known only when the products are launched in the market.

Internal control systems and their adequacy

We have an audit committee which oversees the financial and operating reporting processes and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. The audit committee also reviews with management, statutory and internal auditors the adequacy of internal control systems, compliance etc. Further our internal audit is done by a reputed external firm which periodically carries out audits covering all critical business processes including statutory compliance. In addition, the management team reviews the adequacy of our internal controls at periodic intervals and appropriate action is taken based on such reviews.

Material development in human resources / industrial relation front, including number of people employed

Widely known for our focus on human capital development, we have been consistently rated among the most admired employers by several industry surveys. We have 8,297 people at March 31, 2010. This includes sales and support of 646 people.

Auditors' Report to the Members of MindTree Limited

We have audited the attached balance sheet of MindTree Limited ('MindTree' or 'the Company') as at March 31, 2010, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, by the Companies (Auditor's Report) Order, 2004, ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) on the basis of written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Act; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231W

Rajesh Arora
Partner
Membership No. 076124

Bangalore
April 28, 2010

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of MindTree Limited ('the Company') for the year ended March 31, 2010.

We report as follows:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
 - c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. The Company is a service company, primarily rendering software development services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of fixed assets are for the Company's specialized requirement and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion, and according to the information and explanations given to, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of rupees five lakhs with the party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchase of certain items of fixed assets which are for the Company's specialized requirements and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
9. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees State Insurance and Excise duty.

There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government of India.

 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Service tax, Customs duty, Wealth tax, Cess and other material statutory dues were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of Wealth tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The Company, however, disputes the following Income tax and Sales tax dues:

Name of the statute	Nature of the dues	Amount (Rs.) in 000's	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest	78,981*	Assessment year 2001-02	Honourable High Court of Karnataka

Name of the statute	Nature of the dues	Amount (Rs.) in 000's	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest	46,764*	Assessment year 2002-03	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	60,837	Assessment year 2003-04	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	28,484	Assessment year 2004-05	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	51,447	Assessment year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	11,163	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	32,236	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Karnataka Value Added Tax Act, 2003	Tax and interest	5,860*	April 2005 to March 2007	Joint Commissioner of Commercial taxes (Appeals), Bangalore
Karnataka Sales Tax Act, 1957	Tax and penalty	287*	Upto July 2004	Assistant Commissioner of Commercial taxes (Recovery), Bangalore

* The above amounts are net of amount paid under protest

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register mentioned under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. We have verified the end-use of money raised by public issue as disclosed in the notes to the financial statements.
21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231W

Rajesh Arora
Partner
Membership No. 076124

Bangalore
April 28, 2010

Balance Sheet

	<u>Schedule</u>	<u>As at March 31, 2010</u>	<u>(Rs.) As at March 31, 2009</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	395,149,940	379,966,860
Share application money		-	3,000
Reserves and surplus	2	6,064,824,493	4,923,608,198
		<u>6,459,974,433</u>	<u>5,303,578,058</u>
Loan funds			
Secured loans	3	-	1,375,666,670
Unsecured loans	4	30,536,000	18,006,000
		<u>6,490,510,433</u>	<u>6,697,250,728</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	4,512,179,494	3,889,321,000
Less: Accumulated depreciation		<u>(1,973,193,804)</u>	<u>(1,494,142,324)</u>
Net block		2,538,985,690	2,395,178,676
Capital work-in-progress		<u>242,161,185</u>	<u>42,735,763</u>
		<u>2,781,146,875</u>	<u>2,437,914,439</u>
Investments	6	1,962,586,912	3,108,360,192
Deferred tax assets, net	16(7)	158,344,410	144,744,323
Current assets, loans and advances			
Sundry debtors	7	2,217,547,867	2,149,858,964
Cash and bank balances	8	348,500,307	179,752,776
Loans and advances	9	<u>1,954,643,074</u>	<u>1,339,712,023</u>
		<u>4,520,691,248</u>	<u>3,669,323,763</u>
Current liabilities and provisions			
Current liabilities	10	2,494,626,672	2,498,820,621
Provisions	11	437,632,340	164,271,368
Net current assets		<u>1,588,432,236</u>	<u>1,006,231,774</u>
		<u>6,490,510,433</u>	<u>6,697,250,728</u>
Significant accounting policies and notes to the accounts	16		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ramanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Profit and Loss Account

	<u>Schedule</u>	<u>For the year ended March 31, 2010</u>	<u>(Rs.) For the year ended March 31, 2009</u>
Income			
Income from software development			
Overseas		11,417,496,007	9,484,196,140
Domestic		915,002,396	641,503,390
		<u>12,332,498,403</u>	<u>10,125,699,530</u>
Expenditure			
Software development expenses	12	7,673,555,870	5,694,373,711
Administrative and other expenses	13	2,365,179,128	3,554,091,512
		<u>10,038,734,998</u>	<u>9,248,465,223</u>
Operating Profit before interest, depreciation, other income and tax		2,293,763,405	877,234,307
Interest	14	25,278,594	161,991,560
Depreciation	5	610,557,498	468,579,708
		<u>1,657,927,313</u>	<u>246,663,039</u>
Operating Profit before other income and tax		1,657,927,313	246,663,039
Other income	15	804,237,821	78,790,841
		<u>2,462,165,134</u>	<u>325,453,880</u>
Profit before tax		2,462,165,134	325,453,880
Provision for taxation including FBT		349,500,111	80,296,923
Deferred tax charge/(credit)		31,699,814	(54,895,172)
		<u>2,080,965,209</u>	<u>300,052,129</u>
Net Profit after tax		2,080,965,209	300,052,129
Balance in profit and loss account brought forward		2,220,674,852	1,972,609,642
Amount available for appropriation		4,301,640,061	2,272,661,771
Dividend			
Interim		39,187,759	38,023,517
Proposed		79,029,988	-
		<u>118,217,747</u>	<u>38,023,517</u>
Total dividend		118,217,747	38,023,517
Dividend tax		20,091,106	6,462,098
Amount transferred to General Reserve		208,096,521	7,501,304
		<u>208,096,521</u>	<u>7,501,304</u>
Balance in Profit & Loss Account carried forward		3,955,234,687	2,220,674,852
Earnings per share	16(20)		
(Equity shares, par value Rs. 10 each)			
Basic		53.04	7.94
Diluted		51.13	7.86
Weighted average number of shares used in computing earnings per share			
Basic		39,232,474	37,784,844
Diluted		40,697,655	38,174,898

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Cash Flow Statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	2,462,165,134	325,453,880
Adjustments for:		
Depreciation	610,557,498	468,579,708
Amortization of stock compensation	5,140,592	9,982,210
Interest expense	25,278,594	161,991,560
Interest/dividend income	(49,077,198)	(49,521,037)
(Profit)/Loss on sale of fixed assets	562,524	(16,295,083)
Profit on sale of investments	(11,008,385)	(9,600,939)
Exchange difference on derivatives	(980,697,270)	1,432,554,634
Effect of exchange differences on translation of foreign currency cash and cash equivalents	7,333,024	(4,142,100)
Operating profit before working capital changes	<u>2,070,254,513</u>	<u>2,319,002,833</u>
(Increase)/decrease in sundry debtors	506,359,947	(387,641,053)
(Increase)/decrease in loans and advances	(67,964,406)	(114,440,202)
Increase/(decrease) in current liabilities and provisions	272,609,661	(128,295,250)
Income taxes and FBT paid	(384,716,122)	(255,968,986)
Net cash provided by operating activities	<u><u>2,396,543,593</u></u>	<u><u>1,432,657,342</u></u>
Cash flow from investing activities		
Purchase of fixed assets	(426,282,620)	(347,853,872)
Proceeds from sale of fixed assets	4,933,876	62,102,640
Purchase of business/acquisition	(292,478,805)	(2,919,519,314)
Investment in subsidiaries	(23,045,000)	-
Interest/dividend received from investments	49,077,198	25,174,506
Inter-corporate advances granted	(61,500,000)	(108,500,000)
Purchase of investments	(10,447,863,336)	(4,627,522,504)
Sale/maturities of investments	10,199,674,798	5,884,707,031
Net cash used in investing activities	<u><u>(997,483,889)</u></u>	<u><u>(2,031,411,513)</u></u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	94,116,090	5,588,850
Receipt of share application money	(3,000)	3,000
Interest paid on loans	(25,278,594)	(158,568,493)
Proceeds from term loans	-	1,018,006,000
Repayment of term loans	(515,666,670)	(1,369,107,327)
Repayment of finance lease obligation	-	(38,201,551)
Proceeds/(repayments) of other loans, net	(847,470,000)	858,272,931
Dividends paid (including distribution tax)	(45,847,719)	(88,102,850)
Net cash (used in) /provided by financing activities	<u><u>(1,340,149,893)</u></u>	<u><u>227,890,560</u></u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(7,333,024)	4,142,100
Net (decrease)/ increase in cash and cash equivalents	51,576,787	(366,721,511)
Cash and cash equivalents of Aztecsoft Limited at the beginning of the year*	117,170,744	-
Cash and cash equivalents at the beginning of the year	179,752,776	546,474,287
Cash and cash equivalents at the end of the year**	<u><u>348,500,307</u></u>	<u><u>179,752,776</u></u>

* Refer note 4 of Schedule 16

** Refer Schedule 8

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Schedules to the balance sheet

	As at March 31, 2010	(Rs) As at March 31, 2009
1. Share capital		
Authorised capital		
79,620,000 equity shares of Rs 10 each (previous year 79,620,000 equity shares of Rs. 10 each)	796,200,000	796,200,000
Issued, subscribed and paid-up capital		
39,514,994 equity shares of Rs 10 each fully paid (previous year 37,996,686 equity shares of Rs 10 each) (of the above shares, 1,300,965 equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 201.50 to the shareholders of erstwhile Aztecsoft Limited for consideration other than cash pursuant to the scheme of amalgamation)	395,149,940	379,966,860
	<u>395,149,940</u>	<u>379,966,860</u>
For details of options, in respect of the above equity shares, refer Note 6 of Schedule 16		
2.. Reserves and surplus		
Capital reserve		
At the commencement of the year	-	-
Additions during the year	1,891,100	-
	<u>1,891,100</u>	<u>-</u>
Securities premium account		
At the commencement of the year	2,543,559,465	2,761,421,384
Additions during the year		
Allotment of shares to shareholders of Aztecsoft Limited in accordance with the scheme of amalgamation (Refer Note 4 of Schedule 16)	261,559,013	-
On exercise of employee stock options	90,051,560	5,374,670
	<u>2,895,170,038</u>	<u>2,766,796,054</u>
Deductions during the year		
Adjustment of goodwill arising on amalgamation of MindTree Technologies Private Limited, in accordance with scheme of amalgamation. (Refer Note 3 of Schedule 16)	-	223,236,589
Adjustment of goodwill arising on amalgamation of Aztecsoft Limited in accordance with scheme of amalgamation. (Refer Note 4 of Schedule 16)	1,359,944,225	-
	<u>1,535,225,813</u>	<u>2,543,559,465</u>
General reserve		
At the commencement of the year	201,732,829	194,231,525
Add: Transfer from profit and loss account	208,096,521	7,501,304
	<u>409,829,350</u>	<u>201,732,829</u>
Stock option outstanding account	49,607,368	51,848,455
Add: Deferred employee compensation expense	(2,198,401)	(9,580,080)
	<u>47,408,967</u>	<u>42,268,375</u>
Hedge reserve (Refer Note 24 of Schedule 16)		
At the commencement of the year	(84,627,323)	-
Additions during the year	199,861,899	(84,627,323)
	<u>115,234,576</u>	<u>(84,627,323)</u>
Balance in profit and loss account	3,955,234,687	2,220,674,852
	<u>6,064,824,493</u>	<u>4,923,608,198</u>

Schedules to the balance sheet (continued)

	As at <u>March 31, 2010</u>	(Rs) As at <u>March 31, 2009</u>
3. Secured loans		
From banks		
- Term loans (Term loans are secured by a first, pari passu charge on fixed assets)	-	515,666,670
- Other loans (Loans from banks are secured by a pari passu charge on book debts and other current assets)	-	860,000,000
	<u>-</u>	<u>1,375,666,670</u>
4. Unsecured loans		
Council for Scientific and Industrial Research	30,536,000	18,006,000
	<u>30,536,000</u>	<u>18,006,000</u>

Schedules to the balance sheet (continued)

5. Fixed assets		(Rs.)									
		Gross block				Accumulated depreciation			Net block		
Assets	As at April 1, 2009	Additions during the year	Deletions during the year	As at March 31, 2010	As at April 1, 2009	For the year	Deletions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
Leasehold land	391,875,820	32,939,070	-	424,814,890	23,507,779	11,635,689	-	35,143,468	389,671,422	368,368,041	
Building	1,305,526,095	205,194,385	-	1,510,720,480	66,037,788	52,739,395	-	118,777,183	1,391,943,297	1,239,488,307	
Leasehold improvements	768,159,191	148,547,844	121,262,396	795,444,639	360,854,041	152,018,797	117,576,950	395,295,888	400,148,751	407,305,150	
Computer systems (including software)	983,703,598	186,683,198	26,884,913	1,143,501,883	788,310,376	228,044,854	5,963,291	1,010,391,939	133,109,944	195,393,222	
Furniture and fixtures	69,096,573	66,582,750	4,083,724	131,595,599	57,695,263	32,610,206	3,567,122	86,738,347	44,857,252	11,401,310	
Electrical installations	100,963,700	65,670,860	2,456,979	164,177,581	57,005,580	55,007,799	1,801,532	110,211,847	53,965,734	43,958,120	
Office equipment	268,251,500	69,271,238	470,485	337,052,253	138,986,974	75,542,974	280,961	214,248,987	122,803,266	129,264,526	
Motor vehicles	1,744,523	5,893,189	2,765,543	4,872,169	1,744,523	2,957,784	2,316,162	2,386,145	2,486,024	-	
Total	3,889,321,000	780,782,534	157,924,040	4,512,179,494	1,494,142,324	610,557,498	131,506,018	1,973,193,804	2,538,985,690	2,395,178,676	
Previous year	3,474,420,178	552,728,507	137,827,685	3,889,321,000	1,117,582,744	468,579,708	92,020,128	1,494,142,324	2,395,178,676		

Leasehold land includes land acquired on leases. The ownership of the land does not transfer to the Company at the end of the lease term and accordingly the cost is amortised over the period of the respective lease. Additions to fixed assets include net block of Rs. 441,381,760 relating to fixed assets of Aztecsoft Limited, pursuant to the scheme of amalgamation. Refer Note of 4 of Schedule 16.

Assets	Net block as on the date of merger
Leasehold land	32,939,070
Building	192,183,233
Leasehold improvements	20,181,508
Computer systems (including software)	65,202,200
Furniture and fixtures	46,857,238
Electrical installations	39,742,497
Office equipment	38,382,825
Motor vehicles	5,893,189
Total	441,381,760

Schedules to the balance sheet (continued)

			(Rs.)	
			As at March 31, 2010	As at March 31, 2009
6. Investments				
A. Long-term investments - unquoted (fully paid equity shares)				
- 2,400 (previous year: 2,400) equity shares in Career Community.com Limited			1,398,216	1,398,216
- 643,790 (previous year: nil) Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$0.2557 each in 30 Second Software Inc			6,745,334	-
- 12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited			126,400	126,400
- 357,142,851 (previous year: Nil) common stock of Aztec Software Inc., U.S.A, a wholly owned subsidiary at US\$ 0.014 each fully paid, par value US\$ 0.014 each			229,069,140	-
- 1,000 (previous year: Nil) common stock Aztecsoft Disha Inc., U.S.A. a wholly owned subsidiary at US\$ 1 each fully paid at premium of US \$ 24 each			1,180,500	-
- 412,500 (previous year: Nil) equity shares of Rs 10 each in MindTree Wireless Private Limited			436,793,805	-
- Investment in MindTree Software (Shenzhen) Co., Ltd.			23,045,000	-
			<u>698,358,395</u>	<u>1,524,616</u>
Less: Provision for diminution in the value of investments			1,524,616	1,524,616
			<u>696,833,779</u>	-
Quoted (fully paid equity shares)				
- Nil (previous year: 36,441,595) equity shares of Rs. 10 each in Aztecsoft Limited			-	2,919,519,314
			<u>696,833,779</u>	<u>2,919,519,314</u>
Description	Market Value			
Aztecsoft Limited			-	1,297,320,782
B. Current investments				
Non-trade Investments - quoted (valued at lower of cost or market value)				
	Number of Units as at		As at	As at
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
HDFC Mutual Fund(74,675,466 units purchased / 60,045,797 units redeemed during the year)	18,758,957	4,129,288	188,180,475	41,422,954
ICICI Prudential Mutual Fund(54,050,410 units purchased / 57,385,303 units redeemed during the year)	1,914,603	5,249,496	202,440,591	55,505,549
IDFC Mutual Fund(155,192,439 units purchased / 148,073,222 units redeemed during the year)	7,119,217	-	71,202,844	-
UTI Mutual Fund(8,816,770 units purchased / 705,348 units redeemed during the year)	8,111,422	-	191,507,994	-
HSBC Mutual Fund(261,712,044 units purchased 249,840,680 units redeemed during the year)	11,871,364	-	120,012,366	-
Franklin Templeton Mutual Fund (58,579,311 units purchased / 45,188,685 units redeemed during the year)	13,390,626	-	206,132,583	-
DSP Blackrock Mutual Fund(7,574,991 units purchased / 74,991 units redeemed during the year)	7,500,000	-	75,000,000	-
Birla Sun Life Mutual Fund (69,850,693 units purchased / 48,753,726 units redeemed during the year)	21,096,967	-	211,276,280	-
			<u>1,265,753,133</u>	<u>96,928,503</u>

Schedules to the balance sheet (continued)

Units purchased include units acquired pursuant to the merger with Aztecsoft Limited (Refer Note 4 of Schedule 16)

Description	Market Value	
HDFC Mutual Fund	188,180,475	41,422,954
ICICI Prudential Mutual Fund	202,440,591	55,505,549
IDFC Mutual Fund	71,202,844	-
UTI Mutual Fund	191,762,394	-
HSBC Mutual Fund	120,012,366	-
Franklin Templeton Mutual Fund	206,825,558	-
DSP Blackrock Mutual Fund	75,241,500	-
Birla Sun Life Mutual Fund	211,357,134	-
	<u>1,267,022,862</u>	<u>96,928,503</u>

C. Current investments - Balance IPO money

Non-Trade Investments - quoted (valued at lower of cost or market value)

	Number of Units as at		(Rs.)	
	March 31, 2010	March 31, 2009	As at March 31, 2010	As at March 31, 2009
ICICI Prudential Mutual Fund (65,805 units purchased / 5,785,481 units redeemed during the year)	-	5,719,676	-	60,476,995
Tata Mutual Fund (24,313 units purchased / 3,156,700 units redeemed during the year)	-	3,132,387	-	31,435,380
			<u>-</u>	<u>91,912,375</u>

Description	Market Value	
ICICI Prudential Mutual Fund	-	60,476,995
Tata Mutual Fund	-	31,435,380
	<u>-</u>	<u>91,912,375</u>
Refer note 25 of Schedule 16	<u>1,962,586,912</u>	<u>3,108,360,192</u>

7. Sundry debtors
(Unsecured)

Debts outstanding for a period exceeding six months

- considered good	8,887,285	55,138,350
- considered doubtful	37,206,921	212,154,347

Other debts

- considered good*	2,208,660,582	2,094,720,614
Less: Provision for doubtful debts	37,206,921	212,154,347
	<u>2,217,547,867</u>	<u>2,149,858,964</u>

* includes amounts due from the companies under the same management as defined under section 370(1B) of the Companies Act, 1956 (refer Note 17 of Schedule 16)

MindTree Wireless Private Limited	744,262	-
Aztecsoft Limited	-	9,050,498

Schedules to the balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
8. Cash and bank balances		
Cash on hand	64,081	28,186
Balances with scheduled banks		
Current accounts	29,692,695	34,924,294
Deposit accounts	179,969,709	2,842,471
Balances with non-scheduled banks - in current accounts		
Wachovia Bank, N.A., USA	-	5,897,914
HSBC Bank, Swindon, UK	8,342,815	1,569,919
Deutsche Bank, Singapore	-	571,742
Bank of Tokyo, Mitsubishi	2,533,129	13,977,136
Silicon Valley Bank, USA	73,129,229	96,967,134
HSBC Dubai	3,854,076	968,330
HSBC Germany	8,252,533	4,731,868
May Bank, Malaysia	-	349,728
UBS, Basel	869,543	2,436,230
HSBC, Australia	10,073,263	528,548
HSBC, Singapore	6,497,393	4,007,453
HSBC, Netherlands	3,210,688	9,951,823
National Westminster Bank, UK	776,919	-
Wells Fargo, Seattle, USA	15,641,699	-
HSBC, Canada	5,592,535	-
	<u>348,500,307</u>	<u>179,752,776</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
in current accounts		
Wachovia Bank, N.A., USA	72,927,532	78,057,331
HSBC Bank, Swindon, UK	40,271,265	26,982,412
Deutsche Bank, Singapore	571,742	22,191,608
Bank of Tokyo, Mitsubishi	30,063,534	25,019,067
Silicon Valley Bank, USA	711,423,619	624,338,211
HSBC Dubai	20,714,629	9,002,648
HSBC Germany	16,247,209	19,977,436
May Bank, Malaysia	349,728	349,728
UBS, Basel	2,436,230	5,803,246
HSBC, Australia	24,911,857	49,999,984
HSBC, Singapore	38,756,633	46,370,803
HSBC, Netherlands	9,951,823	10,168,704
Bank of America, California, USA	44,730,086	-
Wells Fargo, Seattle, USA	105,882,577	-
National Westminster Bank, UK	776,919	-
HSBC, Canada	5,592,535	-
in deposit accounts		
Silicon Valley Bank, California, USA	<u>1,401,125</u>	<u>-</u>

Schedules to the balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
9. Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received*	880,667,960	668,084,825
Inter-corporate deposits	170,000,000	108,500,000
Unbilled revenue	366,408,182	274,533,907
Advance tax and tax deducted at source, net of provision for taxes	534,302,215	288,593,291
MAT credit entitlement	3,264,717	-
	<u>1,954,643,074</u>	<u>1,339,712,023</u>
* includes amounts due from		
- directors	1,939,029	-
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited	72,313,222	-
MindTree Software (Shenzhen) Co Limited	229,208	-
(Refer Note 17 of Schedule 16)		
Maximum amount outstanding at anytime during the year from		
- directors	2,164,093	-
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited	72,313,222	-
MindTree Software (Shenzhen) Co Limited	229,208	-
10. Current liabilities		
Advances from customers	38,728,556	44,089,722
Interest accrued but not due	-	3,635,808
Unearned revenue	55,718,090	44,834,333
Sundry creditors		
- dues to micro and small enterprises (Refer Note 15 of Schedule 16)	-	-
- dues to other than micro and small enterprises		
Expenses	83,001,585	143,000,977
Capital goods	39,309,254	35,302,638
Other liabilities *	1,785,025,989	2,143,391,967
Unclaimed dividend	2,154,052	1,509,971
Book overdraft	39,882,797	76,390,887
Amount due to subsidiaries (Refer Note 17 of Schedule 16)	450,806,349	6,664,318
	<u>2,494,626,672</u>	<u>2,498,820,621</u>
* includes employee related liabilities	<u>566,517,739</u>	<u>126,807,339</u>
11. Provision		
Compensated absences	117,164,685	92,175,650
Post contract support services	4,908,438	10,000,000
Provision for discount	50,435,295	51,354,403
Provision for foreseeable loss on contracts	23,938,369	-
Proposed dividend	79,029,988	-
Provision for		
tax on dividend	13,431,146	-
foreign taxes	148,724,419	10,741,315
	<u>437,632,340</u>	<u>164,271,368</u>

Schedules to the profit and loss account

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
12. Software development expenses		
Salary and allowances	5,627,351,262	3,933,857,426
Contribution to provident and other funds	504,686,979	386,564,329
Staff welfare	55,880,397	57,565,837
Travel and conveyance	505,595,245	660,760,255
Communication expenses	43,595,401	54,978,052
Sub-contractor charges	384,381,006	138,149,651
Software purchases	42,808,410	19,644,784
Computer consumables	304,042,737	237,040,266
Rent	210,305,995	206,293,171
Post contract support services	(5,091,562)	(480,060)
	<u>7,673,555,870</u>	<u>5,694,373,711</u>
13. Administrative and other expenses		
Salary and allowances	1,189,960,428	787,979,191
Contribution to provident and other funds	59,548,514	33,278,354
Travel and conveyance	135,565,422	123,713,326
Power and fuel	151,475,469	124,458,446
Rent	92,827,482	32,760,958
Lease rentals/charges	19,961,923	13,625,268
Telephone charges	78,660,194	78,192,188
Printing and stationery	17,545,747	20,274,920
Office maintenance	65,903,663	66,859,295
Exchange loss, net	-	1,763,950,795
Staff training expenses	32,282,934	37,116,670
Advertisement	10,471,644	3,426,801
Bank charges	5,941,869	17,899,004
Insurance	20,991,837	13,893,108
Rates and taxes	31,023,494	13,477,961
Auditor's remuneration	9,060,199	6,619,848
Recruitment expenses	56,584,362	59,621,525
Repairs and maintenance		
- Plant and machinery	9,647,816	19,529,325
- Others	8,428,708	3,147,667
Marketing expenses	59,224,279	53,219,962
Donations	2,912,545	5,286,180
Legal and professional expenses	135,439,841	115,304,897
Loss on sale of fixed assets	562,524	-
Provision for bad and doubtful debts	23,285,050	80,055,508
Bad debts written off	38,904,609	-
Provision for foreseeable loss on contracts	23,938,369	-
Miscellaneous expenses	85,030,206	80,400,315
	<u>2,365,179,128</u>	<u>3,554,091,512</u>
14. Interest		
Interest on term loans	11,575,546	108,611,090
Interest on short term credit / finance charges	13,703,048	53,380,470
	<u>25,278,594</u>	<u>161,991,560</u>
15. Other income		
Interest on deposits	13,335,112	14,547,036
[tax deducted at source - Rs 1,333,511(previous year Rs 3,616,066)]		
Profit on sale of investments	11,008,385	9,600,939
Profit from sale of fixed assets, net	-	16,295,083
Dividend from investments	35,742,086	34,974,001
Exchange gain, net	709,033,862	-
Bad debts recovered	16,301,832	-
Liabilities no longer required written back	14,276,295	-
Miscellaneous income	4,540,249	3,373,782
	<u>804,237,821</u>	<u>78,790,841</u>

Schedule 16 - Significant accounting policies and notes to the accounts for the year ended March 31, 2010

1. Background

MindTree Limited ('MindTree' or 'the Company') is an international Information Technology ("IT") consulting and implementation company that delivers business solutions through global software development. MindTree is structured into two business units that focus on software development - Product Engineering ('PE') Services and Information Technology ('IT') Services. PE Services comprises Research & Development ('R&D') Services and Software Product Engineering ('SPE'). R&D Services 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. SPE provides full life cycle product engineering, professional services and sustained engineering 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. MindTree is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada and France.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except for certain financial instruments which are measured at fair values and comply with the Accounting Standards ('AS') prescribed by Companies (Accounting Standards) Rules, 2006, as amended, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable.

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.

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 stated 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 acquired on or after April 1, 2001 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 recognized 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 and the cost of the fixed asset not ready for its intended use on such date, are disclosed under capital work-in-progress.

2.3.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Asset classification	Useful life
Computer systems (including software)	2-3 years
Furniture and fixtures	5 years
Electrical installations	3 years
Office equipment	4 years
Motor vehicles	4 years
Buildings	30 years

2.3.6 Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase/ installation. Depreciation on additions and disposals during the year is provided on pro-rata basis.

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

2.4 Investments

2.4.1 Long-term 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 (determined on the specific identification basis) 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 on the specific identification basis.

2.5 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises cash in hand and balance in bank in current accounts, deposit accounts and in margin money deposits.

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 an actuarial valuation 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 profit and loss account.

- 2.7.2 Compensated absences are a long-term employee benefit and is accrued based on an actuarial valuation 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 profit and loss account.

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. Revenues are stated net of discounts and include expenses billed to the customers at a markup.

Maintenance revenue is accrued 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 and is shown as reduction of revenues.
- 2.8.3 Dividend income is recognised when the right to receive payment is established.
- 2.8.4 Interest income is recognized 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 and receivables. 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 year are recognised in the profit and loss account for the year.
- 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 recognized in the profit and loss account. 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.
- 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 profit and loss account are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the profit and loss account.
- 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' which is recommendatory with effect from April 1, 2009. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where 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 that relate to a firm commitment or a highly probable forecasted transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange loss/(gain) has been debited/ credited to profit and loss account for the year.

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 year 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.

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 year 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.

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 Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Company has made provision for FBT under income taxes.

The Finance Act, 2007 has introduced Fringe Benefit Tax (FBT) on employee stock options. The Company recovers such FBT from the employees, upon the exercise of the stock options. The FBT liability and related recovery is recorded at the time of exercise of options in the profit and loss account.

The Finance Act, 2009 has withdrawn FBT effective April 1, 2009 and accordingly there is no impact of FBT in the current year's financial statements.

2.14 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 year. 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.

2.15 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset 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 recognized in the profit and loss account. 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 recognized.

2.16 Employee stock options

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized over the vesting period of the option.

3. Acquisition and amalgamation of TES PV Electronic Solutions Private Limited.

On December 17, 2007, the Company acquired 100% equity in TES PV Electronic Solutions Private Limited ('TES PV'), a company that delivered a range of services that included hardware product design cycle, system design cycle (board design/development), embedded software services, turnkey silicon design, coverage, IP-ReD, EDA Solutions, embedded system solutions, system/ board design and intellectual properties.

TES PV was subsequently renamed as MindTree Technologies Private Limited ('MTPL').

Subsequent to the acquisition, the Company vide a scheme of amalgamation ('the scheme') approved by the shareholders of the Company in June 2008 proposed to merge MTPL with itself. Approval of Hon'ble High Court of Karnataka was received in January 2009 and the scheme became effective April 1, 2008.

In terms of the scheme, MTPL was amalgamated with the Company with effect from April 1, 2008. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14 - Accounting for amalgamations.

Following are the salient features of the scheme:

- 6,000 equity shares of Rs 100 each held by the Company in MindTree Technologies Private Limited were cancelled and extinguished, from the effective date of the scheme.
- All the assets and liabilities of MindTree Technologies Private Limited are recorded in the books of the Company at their carrying amounts as on April 1, 2008.
- Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 223,236,589 resulting from the amalgamation was set-off against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs. 223,236,589 would have been amortized as per the Company's accounting policy.

4. Acquisition and amalgamation of Aztecsoft Limited

During the previous year, the Company had acquired 36,441,595 equity shares of Aztecsoft Limited ('Aztec'), a Company listed on recognized stock exchanges in India for a consideration of Rs 2,919,519,314. Consequent to the acquisition of these shares, Aztec became a subsidiary of the Company. As at March 31, 2009, the Company held 79.9% of equity shares based on outstanding issued equity shares of Aztec.

The Company had filed an application with the Hon'ble High Court of Karnataka for the merger of Aztec with the Company effective April 1, 2009. During the current year approval of the merger was received from the Hon'ble High Court of Karnataka on June 3, 2009.

In terms of the scheme, Aztec was amalgamated with the Company with effect from April 1, 2009. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, Accounting for Amalgamations.

Following are the salient features of the scheme:

- 36,441,595 equity shares held by the Company in Aztec and 2,010,751 equity shares held by Aztec Software and Technology Services Limited Employees' Welfare Trust were cancelled and extinguished, from the effective date of the scheme. Further, 1,300,965 equity shares of the Company were issued to the erstwhile minority shareholders of Aztec holding 7,155,306 equity shares in Aztec based on the swap ratio of 2 equity shares in the Company for every 11 equity shares held in Aztec considering the market value of Rs 211.05 per share of the Company as at April 1, 2009. The additional consideration thus paid to the minority shareholders of erstwhile Aztec amounted to Rs 274,568,663. Accordingly, the total consideration for the transaction amounted to Rs 3,194,087,977.
- All the assets and liabilities of Aztec are recorded in the books of the Company at their carrying amounts as on April 1, 2009. The net worth of the Aztec as at March 31, 2009 amounted to Rs 1,834,143,752.
- Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 1,359,944,225 resulting from the aforesaid amalgamation was adjusted against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs 1,359,944,225 would have been required to be amortized as per the Company's accounting policy.

5 Purchase of business

During the year, the Company acquired 412,500 equity shares of Kyocera Wireless (India) Private Limited ('KWI') representing 100% of equity share capital of KWI at a cost of Rs. 436,793,805.

Consequently, KWI has become a 100% subsidiary of the Company with effect from October 1, 2009. Subsequent to the acquisition, the name of KWI was changed to MindTree Wireless Private Limited ('MWPL').

The Company has filed an application with the Hon'ble High Court of Karnataka for the merger of MWPL with the Company effective April 1, 2010.

6. Employee stock options

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors (Board). Under the ESOP, the Company currently administers six stock option programs.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of Rs 2 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.

Outstanding options as at April 1, 2009	32,289
Granted during the year	-
Exercised during the year	17,401
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2010	14,888

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2009	283,911
Granted during the year	-
Exercised during the year	94,487
Lapsed during the year	5,547
Forfeited during the year	-
Outstanding options as at March 31, 2010	183,877

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.

Outstanding options as at April 1, 2009	269,803
Granted during the year	-
Exercised during the year	60,112
Lapsed during the year	5,135
Forfeited during the year	8,640
Outstanding options as at March 31, 2010	195,916

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.

Outstanding options as at April 1, 2009	2,737,167
Granted during the year	232,000
Exercised during the year	156,476
Lapsed during the year	19,983
Forfeited during the year	133,774
Outstanding options as at March 31, 2010	2,658,934

Program 5 [ESOP 2008 A]

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. 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. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2009	360,131
Granted during the year	-
Exercised during the year	58,828
Lapsed during the year	14,256
Forfeited during the year	53,575
Outstanding options as at March 31, 2010	233,472

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

Options under this program have been granted to independent directors at an exercise price ranging from Rs 238 to Rs 355 per option. 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.

Outstanding options as at April 1, 2009	116,670
Granted during the year	-
Exercised during the year	19149
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2010	97,521

The weighted average exercise price is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 345.60 under program 4, Rs 406.50 under program 5, Rs 292.21 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2010 was Rs 231.55. The options outstanding at March 31, 2010 had a weighted average exercise price of Rs 325.40 and a weighted average remaining contractual life of 3.87 years.

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

Had 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:

Particulars	Amounts in Rs.	
	Year ended March 31, 2010	Year ended March 31, 2009
Net profit as reported	2,080,965,209	300,052,129
Add: Stock-based employee compensation expense (intrinsic value method)	5,140,592	9,982,210
Less: Stock-based employee compensation expense (fair value method)	95,935,045	127,468,678
Pro forma net profit	1,990,170,756	182,565,661
Basic earnings per share as reported	53.04	7.94
Pro forma basic earnings per share	50.73	4.83
Diluted earnings per share as reported	51.13	7.86
Pro forma diluted earnings per share	48.90	4.78

The weighted average fair value of each option granted during the year ended March 31, 2010, estimated on the date of grant was Rs 368.70 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 253 - Rs. 580
Exercise price	Rs. 253 - Rs. 580
Dividend yield%	0.04% - 0.17%
Expected life	3 - 5 years
Risk free interest rate	5.46% - 8.06%
Volatility	61.64% - 89.72%

7. Provision for taxation

The Company has STPI units at Bangalore, Hyderabad and Pune which are registered as a 100 percent Export Oriented Unit and entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961. However, some of the units have completed the 10 year tax holiday period and are not eligible for deduction of profits under Section 10A of the Income Tax Act, 1961. The Company also has units at Bangalore 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.

Deferred tax asset included in the balance sheet comprises of the following:

Particulars	Amount in Rs.	
	As at March 31, 2010*	As at March 31, 2009
Excess of depreciation as per books over depreciation allowed under Income Tax Act	119,963,937	46,818,500
Provision for doubtful debts	12,646,632	72,111,263
Compensated absences	24,065,463	23,265,310
Provision for post contract support services	1,668,378	2,549,250
Total deferred tax assets	158,344,410	144,744,323

*Deferred tax asset includes Rs. 45,299,901 acquired pursuant to the scheme of amalgamation with Aztecsoft Limited. (Refer Note 4 of Schedule 16)

8. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2010 is Rs 244,235,362 (previous year-Rs 78,979,164).
- Guarantees given by the Company's bankers as at March 31, 2010 are Rs. 121,689,404 (previous year- Rs 30,902,359).
- On September 19, 2007, the Company received a notice from the Honorable High court of Karnataka to appear before the Honorable court in respect of assessment of income for Assessment Year ('A.Y') 2001-02. The Assessing Officer ('AO') has held that interest receipts are not eligible for deduction under Section 10B of the Act even though they are business income and disallowed the same and raised a demand of Rs 616,530. Further AO also mentioned that losses from export earnings cannot be set off against other income. The AO also rejected the claim of carry forward of business loss and unabsorbed depreciation. The order of the AO was not upheld by Income Tax Appellate Tribunal (ITAT) and the AO preferred an appeal with the Honorable High Court of Karnataka against the order of the ITAT. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for year ended March 31, 2010.
- On January 2, 2008, the Company has received an assessment order for A.Y 2005-06 from the AO with a demand amounting to Rs 6,479,880 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arose from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Company has filed an appeal against the order received. The Income-tax department has adjusted the amount of demand against the refund due for A.Y 2006-07.
- On January 5, 2009, the Company has received an assessment order for A.Y 2006-07 from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 51,446,560 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Company has filed an appeal against the demand received.
- On January 2, 2010, the Company has received an assessment order for A.Y 2007-08 from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 32,236,229 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.
- On January 2, 2010, the Company has received an assessment order for A.Y 2007-08 for the erstwhile subsidiary MindTree Technologies Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 11,162,792 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 for the year ended March 31, 2010. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.

- h) MindTree has received orders under Section 143(3) of the Income-tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04 and 2004-05 wherein demand of Rs 91,481,000, Rs 49,264,000, Rs 60,837,000 and Rs 28,484,000 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 had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals).

The Company had received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) has accepted the Company's contentions and quashed the demand raised. The Income tax department had appealed against the above mentioned order with ITAT. ITAT, during the current year have passed an order setting aside both the Order of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and has remanded the matter back to the assessment officer for re-assessment. The Company has preferred an appeal with the High Court of Karnataka against the order of the ITAT. Further, during the year the High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

The Company has appealed against the demands received for financial year 2002-03, 2003-04 and 2004-05 to the Commissioner of Income-tax (Appeals) where the matter is pending conclusion. 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 for the year ended March 31, 2010.

- i) During the year, the Company has received an assessment order under Section 92CA of the Income Tax Act, 1961. The assessment order pertains to erstwhile Aztecsoft Limited wherein the Joint Director of Income tax has made a transfer pricing adjustment under Section 92CA for payment of Rs. 112,188,319 made for selling and marketing support services and excess deduction claimed under Section 10A. The Company has filed an application with the Deputy Commissioner of Income Tax against the order received. The Company is yet to receive an assessment order under Section 143(3) giving effect to the above adjustments and hence no adjustment has been made to the financial statements for the year ended 31 March 2010.

9 Quantitative details

The Company is engaged in the 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 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

10. Value of imports on CIF basis

Amount in Rs

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Capital goods	79,438,274	83,903,366
Others	15,400,749	66,289,323
Total	94,839,023	150,192,689

11. Expenditure in foreign currency

Amount in Rs

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Travel expenses	262,313,042	303,858,598
Professional charges	15,145,018	9,167,206
Branch office expenses	3,859,994,820	2,567,144,395
Others	115,910,195	30,818,472
Total	4,253,363,075	2,910,988,671

12. During the year the Company has remitted in foreign currency dividend of Rs 7,456,306 (previous year: Rs 25,774,173).

Particulars	For the year ended March 31, 2010
Number of shares held	7,456,306
Amount remitted (Rs)	7,456,306
Year to which dividend relates	Interim dividend for the year 2009-10

Particulars	For the year ended March 31, 2009
Number of shares held	11,655,544
Amount remitted (Rs)	11,655,544
Year to which dividend relates	Final Dividend for the year 2007-08
Number of shares held	14,118,629
Amount remitted (Rs)	14,118,629
Year to which dividend relates	Interim dividend for the year 2008-09

13 Earnings in foreign currency

Amount in Rs

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Income from Software development	11,417,496,007	9,484,196,140
Interest income	126,322	888,494
Other income	17,180,787	65,607
Total	11,434,803,116	9,485,150,241

14. Auditor's remuneration

Amount in Rs

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Audit fees	8,534,877	5,492,665
Tax audit fee	328,628	166,695
Other services	144,115	890,640
Reimbursement of expenses	52,579	69,848

15. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 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 31 March 2010 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.

Amount in Rs.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

16. Segmental reporting

The Company's operations predominantly relate to providing IT services in two primary business segments viz. IT Services and PE Services. The Company considers the 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 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

Amount in Rs.

Profit and Loss statement for the year ended March 31, 2010	PE Services	IT Services	Total
Revenues	5,352,218,286	6,980,280,117	12,332,498,403
Operating expenses, net	4,301,829,932	5,845,639,296	10,147,469,228
Segmental operating income	1,050,388,354	1,134,640,820	2,185,029,175
Unallocable expenses			501,823,268
Profit for the period before interest, other income and taxes			1,683,205,907
Interest expense			25,278,594
Other income			804,237,821
Net profit before taxes			2,462,165,134
Income taxes			381,199,925
Net profit after taxes			2,080,965,209

Amount in Rs.

Profit and Loss statement for the year ended March 31, 2009	PE Services	IT Services	Total
Revenues	2,193,420,204	7,932,279,326	10,125,699,530
Operating expenses, net	1,708,571,830	5,740,673,058	7,449,244,888
Segmental operating income	484,848,374	2,191,606,268	2,676,454,642
Unallocable expenses			2,267,800,043
Profit for the period before interest			408,654,599
Interest expense			161,991,560
Other income			78,790,841
Net profit before taxes			325,453,880
Income taxes			25,401,751
Net profit after taxes			300,052,129

Geographical segments

Amount in Rs.

Revenues	Year ended March 31, 2010	Year ended March 31, 2009
America	8,054,324,065	6,074,333,619
Europe	2,555,182,101	2,346,132,227
India	774,444,772	630,502,394
Rest of World	948,547,465	1,074,731,290
Total	12,332,498,403	10,125,699,530

17. Related party transactions

Name of related party	Nature of relationship
MindTree Benefit Trust	The Trust is effectively controlled by the Company
Aztecsoft Limited, India	Subsidiary merged with the Company effective April 1, 2009
Aztec Software Inc, USA	Subsidiary
Aztecsoft Disha Inc, USA	Subsidiary
MindTree Wireless Private Limited (MWPL), India	Subsidiary effective October 1, 2009
MindTree Software (Shenzhen) Co Ltd (MSSL), Republic of China	Subsidiary

Transactions with the above related parties during the period were:
Amount in Rs.

Name of Related Party	Nature of Transaction	March 31, 2010	March 31, 2009
Aztecsoft Limited	Income from software development	-	8,499,552
Aztecsoft Limited	Sub-contractor charges	-	6,664,318
Aztecsoft Limited	Travel advance given	-	550,946
Aztec Software Inc	Sub-contractor charges	91,336,209	-
Aztecsoft Disha Inc	Income from Software development	112,697,273	-
MindTree Wireless Private Limited	Expenses incurred on behalf of MWPL	6,263,041	-
	Sub-contractor charges	400,763	-
	Income from Software development	791,659	-
	Interest free unsecured loan	70,000,000	-
MindTree Software (Shenzhen) Co Ltd	Expenses incurred on behalf of MSSL	229,208	-
Directors	Dividend paid to Directors	9,560,261	7,637,842

Balances receivable from related parties are as follows:

Amount in Rs.

Name of Related Party	March 31, 2010	March 31, 2009
Aztecsoft Limited*	-	9,050,498
MindTree Wireless Private Limited	73,057,484	-
MindTree Software (Shenzhen) Co Ltd	229,208	-

*Merged with the Company effective April 1, 2009.
Refer Note 4 of this Schedule

Balances payable to related parties are as follows:

Amount in Rs.

Name of Related Party	March 31, 2010	March 31, 2009
Aztecsoft Limited	-	6,664,318
Aztecsoft Disha Inc	170,503,680	-
Aztec Software Inc	280,302,669	-

Key managerial personnel:

Ashok Soota	Executive Chairman effective April 1, 2009
Subroto Bagchi	Gardener and Vice Chairman of MindTree
N Krishnakumar	CEO & Managing Director effective April 1, 2009
S Janakiraman	President & Group-CEO effective April 1, 2009
Dr. Albert Hieranimous	Non executive Director of MindTree
George M. Scalise	Non executive Director of MindTree
Mark A. Runacres	Non executive Director of MindTree
N. Vittal	Non executive Director of MindTree
R. Srinivasan	Non executive Director of MindTree
V.G.Siddhartha	Non executive Director of MindTree
David B. Yoffie	Non executive Director of MindTree
Rajesh Subramaniam	Non executive Director of MindTree

Remuneration paid to key managerial personnel amounts to Rs. 38,724,526 (Rs 30,861,603 for previous year). Amounts payable to directors in the nature of travel and business expenses as at March 31, 2010 amounted to Rs.784,353 (previous year: Rs 582,711).

18. Computation of net profit in accordance with section 198 and with section 349 of the Companies Act, 1956

Amounts in Rs.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit before taxation	2,462,165,134	325,453,880
Add: Depreciation as per accounts	610,557,498	468,579,708
Managerial remuneration	38,724,526	26,056,070
Provision for doubtful debts	23,285,050	80,055,508
Less: Depreciation as per Section 350*	610,557,498	468,579,708
Bad debts written off	292,542,548	-
Profit on sale of investments	11,008,385	9,600,939
Net profit for Section 198 of the Companies Act, 1956	2,220,623,777	421,964,519
Managerial remuneration** comprises of:		
Salaries and allowances	18,578,728	15,547,302
Contribution to provident funds	632,676	476,583
Perquisites	-	755,185
Directors' sitting fees	260,000	1,250,000
Commission to non-executive Directors	19,253,122	8,027,000
Total	38,724,526	26,056,070

* The Company depreciates the fixed assets based on the estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act 1956. Accordingly, the rates of the depreciation used by the Company are higher than the minimum prescribed by the Schedule XIV

**Stock compensation cost has not been considered in the managerial remuneration computation.

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

19. Lease transactions

All assets leased on a 'finance lease' basis on or after April 1, 2001 are capitalized in the books of the Company with a corresponding liability recognising future liability on these leases. The Company has acquired certain vehicles on finance lease. The legal title to these vehicles under finance lease vests in the lessors.

The total minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of minimum lease payments are as follows:

Particulars	Amounts in Rs.	
	As at March 31, 2010	As at March 31, 2009
(a) Total minimum lease payments	-	-
(b) Future interest included in (a) above	-	-
(c) Present value of minimum lease payments	-	-
[(a)- (b)]	-	-

Finance charges during the year on such finance leases as mentioned above are Rs Nil (previous year-Rs 1,111,954) which is included under 'Interest on short term credit / finance charges'.

Lease rental expense under non-cancelable operating lease during the year amounted to Rs. 91,806,628 (previous year-Rs 53,734,226). Future minimum lease payments under non-cancelable operating lease as at March 31, 2010 is as below:

Minimum lease payments	Amount in Rs
Payable -- Not later than one year	15,533,764
Payable -- Later than one year and not later than five years	-

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancelable operating lease during the period was Rs. 211,326,849 (previous year-Rs 185,319,903).

20. Earnings per share

Reconciliation of shares used in the computation of earnings per share is set out below:

Particulars	Amounts in Rs.			
	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax	2,080,965,209		300,052,129	
Shares				
Weighted average number of equity shares outstanding during the year	39,232,474	39,232,474	37,784,844	37,784,844
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,465,181	-	390,054
Weighted average number of equity shares for calculation of earnings per share	39,232,474	40,697,655	37,784,844	38,174,898

As per the Guidance note (issued in January 2005) on Accounting for Employee Share Based Payments by the ICAI, Nil (previous year-189,110), weighted average number of shares held by MindTree Benefit Trust have been reduced from the equity shares outstanding for computing basic and diluted earnings per share.

21. The disclosure of provisions movement as required under the provisions of Accounting Standard 29 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:-

Provision for post contract support services

Particulars	Amounts in Rs.	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	10,000,000	10,480,060
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	(5,091,562)	(480,060)
Provision as at the end of the year	4,908,438	10,000,000

Provision for discount

Particulars	Amounts in Rs.	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	51,354,403	44,983,541
Provisions made during the year	43,105,129	17,060,691
Utilisations during the year	(29,747,942)	(10,689,829)
Released during the year	(14,276,295)	-
Provision as at the end of the year	50,435,295	51,354,403

Provision for foreseeable losses

Particulars	Amounts in Rs.	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	-	-
Provisions made during the year	23,938,369	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	23,938,369	-

22. Statement of utilisation of IPO funds as of March 31, 2010

Particulars	Amounts in Rs.
Amount raised through IPO	2,377,152,500
Share issue expenses paid	188,717,404
Net proceeds	2,188,435,096
Deployment	
Repayment of debts	113,750,000
Development centre at Chennai	812,542,615
General corporate purposes	1,262,142,481
Total	2,188,435,096

23. Gratuity plan

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

Particulars	Amounts in Rs.	
	As at March 31, 2010	As at March 31, 2009
Obligations at the beginning of the year	132,067,521	103,770,005
Obligations acquired pursuant to merger with Aztec (Refer Note 4 of this Schedule)	43,030,989	-
Service cost	28,547,365	25,301,690
Interest cost	13,362,961	7,134,196
Benefits settled	(8,433,313)	(3,996,616)
Actuarial (gain)/loss	(293,800)	(141,754)
Obligations at end of the year	208,281,723	132,067,521

Amounts in Rs.

Particulars	As at March 31, 2010	As at March 31, 2009
Change in plan assets		
Plans assets at the beginning of the year, at fair value	132,067,521	90,587,986
Plans acquired pursuant to merger with Aztec (Refer Note 4 of this Schedule)	35,925,706	-
Expected return on plan assets	12,807,328	6,209,699
Actuarial gain/ (loss)	39,513,581	(5,463,022)
Contributions	-	44,729,474
Benefits settled	(8,433,313)	(3,996,616)
Plans assets at the end of the year, at fair value	211,880,823	132,067,521
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	211,880,823	132,067,521
Present value of defined obligations as at the end of the year	208,281,723	132,067,521
Asset/ (liability) recognized in the balance sheet	3,599,100	-
Gratuity cost for the year	For the year ended March 31, 2010	For the year ended March 31, 2009
Service cost	28,547,365	25,301,690
Interest cost	13,362,961	7,134,196
Expected return on plan assets	(12,807,328)	(6,209,699)
Actuarial (gain)/loss	(39,807,381)	5,321,268
Net gratuity cost	(10,704,383)	31,547,455
Assumptions		
Interest rate	7.82%	7.01%
Expected rate of return on plan assets	7.82%	7.01%
Expected rate of salary increase	10-8-5%	5-10%
Attrition rate	12.50%	12.30%
Retirement age	60	60

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

24. Derivatives

Forward and option contracts

As at March 31, 2010, the Company has outstanding forward contracts amounting to USD 79 million (previous year USD 34.5 million), and CHF NIL (previous year CHF 0.05 million), option contracts USD 7 million (previous year USD 5 million), forward strips and leverage option contracts amounting to USD 100 million (previous year USD 130 million). These derivative instruments have been entered to hedge highly probable forecast sales.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain/ (loss) of Rs 199,861,899 (previous year: loss of Rs 84,627,323) has been credited/ debited to hedge reserve. Other derivative instruments that do not qualify for hedge accounting have been fair valued at balance sheet date and resultant exchange gain/ (loss) of Rs 980,697,270 (previous year: loss of Rs 1,432,554,634) has been recognized in the profit and loss account for the year.

25. Details of investments

Details of liquid mutual fund units (scheme wise) as on March 31, 2010:

Name of the fund	Units	Amount
HDFC Cash Management Fund-TAP	18,758,957	188,180,475
ICICI Prudential Flexible Income Plan Premium Dividend	1,914,603	202,440,591
IDFC Money Manager Fund Super Institutional Plan C -Daily Dividend	7,119,217	71,202,844
UTI Fixed Interval Fund-Monthly Interval Plan	8,000,000	80,000,000
UTI Floating Rate Fund-Short Term Plan Daily Dividend Reinvestment	111,423	111,507,994
HSBC Ultra Short term Bond Fund Institutional Plus Daily Dividend	11,871,364	120,012,366
Templeton India Short Term Income Plan	71,165	71,978,092
Templeton Ultra Short Bond Fund	8,405,698	84,154,491
Templeton India Income Opportunities Fund	4,913,763	50,000,000
DSP Blackrock FMP 13M Series 2 Growth	7,500,000	75,000,000
Birla Sun Life Saving Fund- Institutional Daily Dividend	11,096,695	111,042,404
Birla Sun Life Floating Rate Fund LT Institutional- Weekly Dividend	10,000,272	100,233,876
Total		1,265,753,133

Investments purchased and sold during the year ended March 31, 2010.

Name of the fund	Face value Rs.	Units	Amount in Rs.
Birla Sun Life Savings Fund - Institutional - Daily Dividend Reinvestment	10	63,441,967	639,630,821
DSP Black Rock - Growth Maturity	1000	74,985	75,000,000
DWS Money Fund- Institutional - Daily Dividend Plan	10	4,394,430	44,018,071
DWS Money Plus Fund-Institutional- Plan Growth	10	3,287,279	33,094,678
Fortis Money Plus Institutional Growth	10	7,333,764	96,840,892
Fortis Money Plus Institutional Plan Daily Dividend	10	9,705,722	97,087,306
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale -Daily Dividend	10	22,021,487	220,908,550
HDFC High Interest Fund- Quarterly Dividend	10	884,481	10,157,827
HDFC Liquid Fund- Dividend -Daily Reinvestment	10	36,771,195	375,000,000
HSBC Cash Fund -Institutional Plus- Daily Dividend	10	106,740,225	1,068,000,000
HSBC Floating Rate Fund-LTP-Institutional Option-Growth	10	2,244,061	30,915,758
HSBC Floating Rate Fund-LTP-Institutional Option-Weekly Dividend	10	84,525,504	921,928,554
HSBC Ultra Short Term Fund-Institutional Plus-Daily Dividend	10	53,289,597	538,317,470
ICICI Prudential Flexible Income Plan Premium -Daily Dividend	10	27,878,204	294,770,185
ICICI Prudential Flexible Income Plan-Premium	100	291,720	30,852,552
ICICI Prudential Institutional Liquid Plan-SIP- Daily Dividend	100	299,934	30,000,000
ICICI Prudential Institutional Income Plan Quarterly Dividend	10	2,526,435	30,713,614
ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend	10	26,394,193	264,000,000
IDFC Cash Fund - Institutional Plan B -Daily Dividend	10	53,120,541	539,000,000
IDFC Money Manager Fund -TP- Super Institutional Plan C -Daily Dividend	10	78,830,446	788,422,703
IDFC Money Manager Fund -TP- Super Institutional Plan C-Growth	10	7,033,054	73,230,266
JM Money Manager Fund Super Plus Daily Dividend	10	8,124,414	81,287,199
JM High Liquidity Fund - Super Institutional Plan -Growth	10	2,777,805	38,380,930
JM Money Manager Fund Super Plus Plan-Growth	10	7,280,247	81,054,846
JP Morgan India Treasury Fund Daily Dividend Plan	10	2,268,398	22,704,166
JP Morgan India Treasury Fund-SI Growth Plan	10	1,981,097	22,651,469
Reliance Medium Term Fund- Retail Plan-GP	10	4,283,854	77,958,860
Reliance Medium Term Fund-Daily Dividend Plan	10	6,390,129	109,242,450
Religare Ultra Short Term Fund-Institutional Daily Dividend	10	3,524,496	35,300,299
Religare Ultra Short Term Fund-Institutional Growth	10	2,917,814	35,229,687
Religare Short Term Plan-Institutional Daily Dividend	10	4,878,031	49,047,137
Religare Short Term Plan-Institutional Growth	10	4,079,035	48,861,540
SBNPP Money Fund Institutional Daily Dividend Reinvestments	10	11,292,384	114,000,000
SBNPP Ultra ST Fund Institutional Dividend Reinvestments Daily	10	28,504,568	286,100,348
Tata Floater Fund-Daily Dividend	10	20,059,185	201,305,959
Tata Floater Fund-Growth	10	2,382,849	31,229,619
TATA Liquid Super High Investment Fund-Daily Dividend	1000	192,908	215,000,000
TATA Treasury Manager Ship Daily Dividend	1000	133,641	135,020,086
Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	10	20,740,359	207,980,398
Templeton Floating Rate Dividend Reinvestment	10	8,220,436	85,008,242
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	1000	312,290	312,500,000
Templeton India Ultra Short Bond Fund-Growth Plan	10	7,382,405	83,283,122
UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	1000	218,256	222,500,000
UTI Floating Rate Fund -Short Term Plan -Institutional Daily Dividend Plan -Reinvestment	1000	251,759	251,952,830
UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	1000	137,330	140,000,000
UTI Treasury Advantage Fund-IP Daily Dividend	1000	34,099	34,106,727
UTI Treasury Advantage Fund-IP Growth	1000	28,861	34,028,966
Total			9,157,624,127

Details of liquid mutual fund units (scheme wise) as on March 31, 2009:

Name of the fund	Units	Amount
HDFC Cash Management Fund-Saving Plus Plan	4,129,288	41,422,954
ICICI Prudential- Flexible Income Plan- Reinvestment Dividend	5,249,496	55,505,549
Total		96,928,503

Details of liquid mutual fund units (scheme wise) as on March 31, 2009 out of IPO proceeds:

Name of the fund	Units	Amount
ICICI Prudential- Flexible Income Plan-Reinvestment Dividend	5,719,676	60,476,995
Tata Floater Fund-Daily Dividend	3,132,387	31,435,380
Total		91,912,375

Investments purchased and sold during the year ended March 31, 2009:

Name of the fund	Face value Rs	Units	Amount
DWS Instant Cash Plus Fund-Super Institutional Plan Daily Dividend	10	9,980,040	100,000,000
DWS Liquid Plus Fund -Regular Daily Dividend Plan	10	12,353,425	123,715,844
DWS Liquid Plus Fund -Regular Growth Plan	10	2,630,636	34,726,495
Grindlays Floating Rate Fund Institutional Plan B- Daily Dividend	10	7,246,701	72,506,868
HDFC Cash Management Fund- Treasury Plan	10	35,005,679	351,159,466
HDFC Liquid Fund Premium Plan Dividend -Daily Reinvestment	10	29,355,790	341,416,060
HDFC Liquid Fund-Dividend - Daily Reinvestment	10	4,902,826	50,000,000
HDFC Quarterly Plan C Wholesale Dividend	10	5,004,187	50,041,875
HSBC Cash Fund Institutional Plan-Daily Dividend	10	261,136,319	2,614,074,102
HSBC Liquid Plus - Institutional Plus -Daily Dividend	10	2,996,255	30,000,000
HSBC Ultra Short Term Bond Fund-Institutional Plus -Daily Dividend	10	136,776,402	1,370,060,591
ICICI Prudential Retail Dividend	10	5,762,485	57,687,086
ICICI Prudential Flexible Income Plan Premium -Daily Dividend	10	13,211,904	139,696,065
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	10	19,499,025	195,000,000
IDFC Cash Fund-Institutional Plan Daily Dividend	10	11,424,397	120,888,402
IDFC Fixed Maturity Plan	10	4,000,000	40,000,000
IDFC Liquid Plus Fund Daily Dividend	10	8,003,382	80,045,827
IDFC Liquid Plus-Treasury Plan-Institutional Plan B-Daily Dividend	10	3,972,935	40,008,648
Reliance Liquid Fund-Treasury Plan-Institutional Option-Daily Dividend	10	12,428,699	190,000,000
Reliance Liquid Plus Fund-Institutional Option-Daily Dividend	1,000	199,810	200,037,236
Reliance Liquidity Fund-Daily Dividend	10	15,130,330	151,350,206
SBI Magnum Instant Cash Fund	10	2,388,017	40,000,000
SBI Premier Liquid Fund Super Institutional - Daily Dividend	10	6,977,324	70,000,000
SBI- SHF-Liquid Plus- Institutional Plan -Daily Dividend	10	37,971,622	379,906,078
Standard Chartered Liquidity Manager Plus-Daily Dividend	1,000	39,992	40,000,000
Standard Chartered Liquidity Manager-Daily Dividend	10	12,793,801	128,097,929
Sundaram BNP Paribas Liquid Plus Institutional Daily Dividend	10	14,965,084	150,024,962
Sundaram BNP Paribas Money Fund Institutional Daily Dividend	10	14,858,399	150,000,000
Tata Fixed Horizon Fund	10	3,000,000	30,000,000
Tata Floater Fund-Daily Dividend	10	3,985,811	40,000,000
Tata Liquid Super High Investment Fund-Daily Dividend	1,000	35,936	40,051,046
Templeton India Treasure MGMT -Super Institutional Plan-Daily Dividend	1,000	149,958	150,000,000
Templeton India Ultra Short Bond Fund Institutional Plan-Growth	10	2,698,545	27,850,872
Templeton India Ultra Short Bond Fund-Super Institutional Daily Dividend	10	14,975,356	150,035,095
Total			7,748,380,753

26. Prior period comparatives

Previous year's figures have been regrouped /reclassified wherever necessary, to conform to current year's classification. However, the current year's figures include the figures of Aztecsoft Limited and are not strictly comparable with those of previous years as Aztecsoft Limited has been amalgamated with the Company w.e.f 1 April, 2009 (Refer Note 4 of Schedule 16).

For MindTree Limited

Ashok Soota
Executive Chairman

N Krishnakumar
CEO & Managing Director

Place: Bangalore
Date: April 28, 2010

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Balance Sheet Abstract And Company's General Business Profile**1 Registration Details**

Registration No:	25564
State Code	08
Balance Sheet Date:	March 31, 2010

2 Capital raised during the year

	Rs.
Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private Placement	Nil
Offer of shares under Employees Stock Option Plan and shares issued to Aztec shareholders (net of cancelled shares held by trust)	15,183,080

3 Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities	6,490,510,433
Total Assets	6,490,510,433
Sources of Funds	
Paid up Capital	395,149,940
Reserves and Surplus	6,064,824,493
Unsecured Loans	30,536,000
Application of Funds	
Net Fixed Assets	2,781,146,875
Investments	1,962,586,912
Net Current Assets	1,588,432,236
Deffered Tax Assets	158,344,410
Misc Expenditure	Nil
Accumulated losses	Nil

4 Performance of Company

	Rs.
Income from Software development	12,332,498,403
Other Income	804,237,821
Total Income	13,136,736,224
Total Expenditure	10,674,571,090
Profit Before Tax	2,462,165,134
Profit After Tax	2,080,965,209
Earning per share (basic) (in Rs)	53.04
Earning per share (diluted) (in Rs)	51.13
Dividend Rate (%)	30.00

5 Generic Names of principal products /services of Company

Item Code:	85249009.10
Product Description	Computer software

For MindTree Limited

Ashok Soota
Executive ChairmanN Krishnakumar
CEO & Managing DirectorPlace: Bangalore
Date: April 28, 2010Rostow Ravanan
Chief Financial OfficerRajesh Srichand Narang
Company Secretary

Auditors' Report to the Board of Directors on the Consolidated Financial Statements of MindTree Limited and its Subsidiaries

We have audited the attached consolidated balance sheet of MindTree Limited ('MindTree' or 'the Company') and its subsidiaries (collectively called 'the MindTree Group') as at March 31, 2010, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the MindTree Group as at March 31, 2010;
- b) in the case of the consolidated profit and loss account, of the profit of the MindTree Group for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows of the MindTree Group for the year ended on that date.

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231W

Rajesh Arora
Partner
Membership No. 076124

Bangalore
April 28, 2010

Consolidated Balance Sheet

	<u>Schedule</u>	As at <u>March 31, 2010</u>	(Rs.) As at <u>March 31, 2009</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	395,149,940	379,966,860
Share application money		-	3,000
Reserves and surplus	2	6,311,222,171	5,132,752,781
		<u>6,706,372,111</u>	<u>5,512,722,641</u>
Minority interest		-	327,595,434
Loan funds			
Secured loans	3	-	1,375,666,670
Unsecured loans	4	30,536,000	18,006,000
		<u>6,736,908,111</u>	<u>7,233,990,745</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	5,133,368,464	4,940,873,671
Less: Accumulated depreciation		<u>(2,521,192,988)</u>	<u>(2,109,609,728)</u>
Net block		2,612,175,476	2,831,263,943
Capital work-in-progress		246,559,038	130,354,970
		<u>2,858,734,514</u>	<u>2,961,618,913</u>
Goodwill	16(5)	154,258,759	1,460,494,507
Investments	6	1,272,498,467	1,013,301,543
Deferred tax assets, net	16(7)	213,552,388	189,747,773
Current assets, loans and advances			
Sundry debtors	7	2,369,867,288	2,792,345,904
Cash and bank balances	8	403,266,879	379,080,966
Loans and advances	9	2,068,292,733	1,519,606,229
		<u>4,841,426,900</u>	<u>4,691,033,099</u>
Current liabilities and provisions			
Current liabilities	10	2,113,547,249	2,859,912,086
Provisions	11	490,015,668	222,293,004
Net current assets		<u>2,237,863,983</u>	<u>1,608,828,009</u>
		<u>6,736,908,111</u>	<u>7,233,990,745</u>
Significant accounting policies and notes to the accounts	16		

The schedules referred to above form an integral part of the consolidated balance sheet.

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Consolidated Profit and Loss Account

	<u>Schedule</u>	<u>For the year ended March 31, 2010</u>	<u>(Rs.) For the year ended March 31, 2009</u>
Income			
Income from software development			
- Overseas		12,045,595,317	11,608,775,429
- Domestic		914,210,737	765,897,190
		<u>12,959,806,054</u>	<u>12,374,672,619</u>
Expenditure			
Software development expenses	12	7,982,452,843	6,967,839,994
Administrative and other expenses	13	2,521,656,987	4,186,621,946
		<u>10,504,109,830</u>	<u>11,154,461,940</u>
Operating profit before interest, depreciation, other income, tax and minority interest		2,455,696,224	1,220,210,679
Interest	14	26,664,861	161,991,560
Depreciation	5	651,779,055	569,554,222
Operating profit before tax, other income and minority interest		<u>1,777,252,308</u>	<u>488,664,897</u>
Other income	15	769,595,356	115,189,498
Profit before tax and minority interest		<u>2,546,847,664</u>	<u>603,854,395</u>
Provision for taxation including FBT		379,634,705	138,596,961
Deferred tax charge/ (credit)		28,769,362	(68,087,645)
MAT credit entitlement		(10,143,808)	(3,264,717)
Net profit after tax, before share of profits of associates and minority interest		<u>2,148,587,405</u>	<u>536,609,796</u>
Share of profits of associates		-	27,388,626
Net profit before minority interest		<u>2,148,587,405</u>	<u>563,998,422</u>
Minority interest		-	40,986,709
Net profit for the year after minority interest		<u>2,148,587,405</u>	<u>523,011,713</u>
Balance in profit and loss account brought forward		<u>2,434,707,354</u>	<u>1,963,682,560</u>
Amount available for appropriation		<u>4,583,294,759</u>	<u>2,486,694,273</u>
Dividend			
Interim		39,187,759	38,023,517
Proposed		79,029,988	-
Total dividend		<u>118,217,747</u>	<u>38,023,517</u>
Dividend tax		20,091,106	6,462,098
Amount transferred to general reserve		208,096,521	7,501,304
Balance in profit and loss account carried forward		<u>4,236,889,385</u>	<u>2,434,707,354</u>
Earnings per share	16(12)		
(Equity shares, par value Rs 10 each)			
Basic		54.77	13.84
Diluted		52.79	13.70
Weighted average number of shares used in computing earnings per share			
Basic		39,232,474	37,784,844
Diluted		40,697,655	38,174,898

Significant accounting policies and Notes to the accounts 16

The schedules referred to above form an integral part of the consolidated profit and loss account

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Consolidated cash flow statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	2,546,847,664	603,854,395
Adjustments for :		
Depreciation	651,779,055	569,554,222
Amortization of stock compensation	5,140,592	9,982,210
Interest expense	26,664,861	161,991,560
Interest / dividend income	(50,000,028)	(87,029,007)
Loss on sale of fixed assets	598,489	(18,920,283)
Profit on sale of investments	(11,008,385)	(5,750,038)
Exchange difference on derivatives	(1,113,095,554)	1,522,924,878
Effect of exchange differences on translation of foreign Currency cash and cash equivalents	7,932,793	(4,122,816)
Operating profit before working capital changes	2,064,859,487	2,752,485,121
Decrease/(increase) in sundry debtors	454,154,676	(335,198,968)
Decrease/(increase) in loans and advances	559,107	(2,093,671)
Increase /(decrease) in current liabilities and provisions	218,147,801	(330,388,559)
Income taxes and FBT paid	(436,005,062)	(286,852,593)
Net cash provided by operating activities	<u>2,301,716,009</u>	<u>1,797,951,330</u>
Cash flow from investing activities		
Purchase of fixed assets	(457,322,990)	(434,567,964)
Proceeds from sale of fixed assets	5,002,856	65,112,650
Purchase of business/acquisition	(292,478,805)	(2,919,519,314)
Interest / dividend received from investments	50,000,028	62,682,476
Inter-corporate advances granted	(61,500,000)	(108,500,000)
Purchase of investments	(10,447,863,336)	(8,076,388,561)
Sale/maturities of investments	10,199,674,798	9,079,178,187
Net cash used in investing activities	<u>(1,004,487,449)</u>	<u>(2,332,002,526)</u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	94,116,020	5,588,850
Receipt of share application money	(3,000)	3,000
Interest paid on loans	(26,664,861)	(158,568,493)
Proceeds from term loans	-	1,018,006,000
Repayment of term loans	(515,666,670)	(1,369,107,327)
Repayment of finance lease obligation	-	(38,201,551)
Proceeds / (repayments) of other loans, net	(847,470,000)	858,272,931
Dividends paid (including distribution tax)	(45,847,719)	(90,404,786)
Net cash (used in) /provided by financing activities	<u>(1,341,536,230)</u>	<u>225,588,624</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalent	(7,932,793)	4,122,816
Net (decrease)/increase in cash and cash equivalents	(52,240,463)	(304,339,756)
Cash and cash equivalents of MindTree Wireless Pvt Ltd as on the date of acquisition (Refer Note 5 of Schedule 16)	76,426,376	-
Cash and cash equivalents at the beginning of the year	379,080,966	683,420,722
Cash and cash equivalents at the end of the year*	<u>403,266,879</u>	<u>379,080,966</u>

*Refer Schedule 8

As per our report attached

For MindTree Limited

for **B S R & Associates**
Chartered Accountants
Firm registration No. 116231 W

Ashok Soota
Executive Chairman

N. Krishnakumar
CEO & Managing Director

Rajesh Arora
Partner
Membership No. 076124

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 28, 2010

Place: Bangalore
Date: April 28, 2010

Schedules to the consolidated balance sheet

	As at March 31, 2010	(Rs.) As at March 31, 2009
1. Share capital		
Authorised capital		
79,620,000 equity shares of Rs 10 each (previous year 79,620,000 equity shares of Rs 10 each)	796,200,000	796,200,000
Issued, subscribed and paid-up capital		
39,514,994 equity shares of Rs 10 each fully paid (previous year: 37,996,686 equity shares of Rs 10 each) (of the above shares, 1,300,965 equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 201.50 to the shareholders of erstwhile Aztecsoft Limited for consideration other than cash pursuant to the scheme of amalgamation)	395,149,940	379,966,860
	<u>395,149,940</u>	<u>379,966,860</u>
- For details of options, in respect of the above equity shares, refer to Note 6 of Schedule 16		
2. Reserves and surplus		
Capital reserve		
At the commencement of the year	-	-
Additions during the year	1,891,100	-
	<u>1,891,100</u>	-
Securities premium account		
At the commencement of the year	2,552,486,546	2,761,421,384
Additions during the year		
Allotment of shares to shareholders of Aztecsoft Limited in accordance with the scheme of Amalgamation (Refer Note 4 of Schedule 16)	261,559,013	-
On exercise of employee stock options	90,051,490	5,374,670
	<u>2,904,097,049</u>	<u>2,766,796,054</u>
Deductions during the year		
Adjustment of goodwill arising on amalgamation of MindTree Technologies Private Limited, in accordance with scheme of amalgamation. (Refer Note 3 of Schedule 16)	-	(214,309,508)
Adjustment of goodwill arising on amalgamation of Aztecsoft Limited in accordance with scheme of amalgamation.(Refer Note 4 of Schedule 16)	<u>(1,407,210,756)</u>	-
	1,496,886,293	2,552,486,546
General reserve		
At the commencement of the year	201,732,829	194,231,525
Add: Transfer from profit and loss account	208,096,521	7,501,304
	<u>409,829,350</u>	<u>201,732,829</u>
Stock option outstanding account	49,607,368	51,848,455
Add: Deferred employee compensation expense	<u>(2,198,401)</u>	<u>(9,580,080)</u>
	47,408,967	42,268,375
Hedge reserve (Refer Note 17 of Schedule 16)		
At the commencement of the year	(98,442,323)	-
Additions during the year	216,759,399	(98,442,323)
	<u>118,317,076</u>	<u>(98,442,323)</u>
Balance in profit and loss account	4,236,889,385	2,434,707,354
	<u>6,311,222,171</u>	<u>5,132,752,781</u>
3. Secured loans		
From banks		
- Term loans	-	515,666,670
(Term loans are secured by a first, pari passu charge on fixed assets)		
- Other loans	-	860,000,000
(Loans from banks are secured by a pari passu charge on book debts and other current assets)		
	<u>-</u>	<u>1,375,666,670</u>
4. Unsecured loans		
Council for Scientific and Industrial Research	30,536,000	18,006,000
	<u>30,536,000</u>	<u>18,006,000</u>

Schedules to the consolidated balance sheet (continued)

Assets	Gross block				Accumulated depreciation			Net block	
	As at April 1, 2009	Additions during the year	Deletions/ (Adjustments)*	As at March 31, 2010	As at April 1, 2009	For the year ending March 31, 2010	Deductions/ (Adjustments) during the year*	As at March 31, 2010	As at March 31, 2009
Leasehold land	424,814,890	-	-	424,814,890	23,507,779	11,635,689	-	35,143,468	389,671,422
Building	1,507,757,241	13,011,152	10,047,913	1,510,720,480	78,155,311	52,739,395	12,117,523	118,777,183	1,391,943,297
Leasehold improvements	849,376,961	128,104,081	180,128,643	797,352,399	416,965,936	152,574,924	173,080,189	396,460,671	400,891,728
Computer systems (including software)	1,413,277,652	335,208,583	409,979,635	1,338,506,600	1,162,980,165	245,633,925	219,914,400	1,188,699,690	149,806,910
Test equipment	-	414,921,594	2,306,448	412,615,146	-	21,866,336	(337,093,487)	358,959,823	53,655,323
Furniture and fixtures	174,269,507	20,968,146	61,326,139	133,911,514	105,082,800	33,075,463	49,514,255	88,644,008	45,267,506
Electrical installations	188,764,279	25,928,363	50,515,061	164,177,581	100,724,512	55,007,799	45,520,464	110,211,847	53,965,734
Office equipment	367,381,612	39,915,368	60,899,293	346,397,687	212,854,885	76,287,740	67,232,470	221,910,155	124,487,532
Motor vehicles	15,231,529	-	10,359,362	4,872,167	9,338,340	2,957,784	9,909,981	2,386,143	2,486,024
Total	4,940,873,671	978,057,287	785,562,494	5,133,368,464	2,109,609,728	651,779,055	240,195,795	2,521,192,988	2,612,175,476
Previous year	3,581,684,208	1,533,059,693	173,861,230	4,940,873,671	1,189,089,467	569,554,222	(350,966,039)	2,109,609,728	2,831,263,943

Leasehold land includes land acquired on leases. The ownership of the land does not transfer to the group at the end of the lease term and accordingly the cost is amortised over the period of the respective lease

*Includes additions/deletions/adjustments on account of amalgamation of Aztecsoft Limited and acquisition of MindTree Wireless Private Limited by the Company. Refer Note 4 and 5 of Schedule 16

The table below sets out the additions to gross block and accumulated depreciation on acquisition of MindTree Wireless Private Limited as on the date of acquisition

Assets	Gross block as at the date of acquisition	Accumulated depreciation at the date of acquisition	Net block at the date of acquisition
Leasehold improvements	1,907,761	846,621	1,061,140
Computer systems (including software)	193,754,328	169,121,751	24,632,577
Test equipment	414,921,594	339,346,995	75,574,599
Furniture and fixtures	2,562,016	1,941,859	620,157
Office equipment	10,098,410	7,655,483	2,442,927
Total	623,244,109	518,912,709	104,331,400

Schedules to the consolidated balance sheet (continued)

				(Rs.)	
		As at		As at	
		March 31, 2010		March 31, 2009	
6. Investments					
A. Long-term investments - unquoted (fully paid equity shares)					
-	2,400 (previous year: 2,400) equity shares in Career Community.com Limited		1,398,216		1,398,216
-	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		6,745,334		6,745,334
-	12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited		<u>126,400</u>		<u>126,400</u>
			8,269,950		8,269,950
	Less: Provision for diminution in the value of investments		<u>1,524,616</u>		<u>1,524,616</u>
			<u>6,745,334</u>		<u>6,745,334</u>
B. Current investments					
	Non-Trade Investments - quoted (valued at lower of cost or market value)				
		Number of Units as at			
		March 31, 2010	March 31, 2009		
	HDFC Mutual Fund (74,675,466 units purchased / 60,045,797 units redeemed during the year)	18,758,957	4,129,288	188,180,475	41,422,954
	ICICI Prudential Mutual Fund (54,050,410 units purchased / 57,385,303 units redeemed during the year)	1,914,603	5,249,496	202,440,591	55,505,549
	Fortis Mutual Fund (17,183,791 units purchased / 26,849,863 units redeemed during the year)	-	9,666,072	-	96,690,682
	IDFC Mutual Fund (146,379,875 units purchased / 148,073,222 units redeemed during the year)	7,119,217	8,812,564	71,202,844	88,136,606
	Reliance Mutual Fund (10,724,037 units purchased / 16,291,793 units redeemed during the year)	-	5,567,756	-	107,343,547
	Deutsche Mutual Fund (7,809,290 units purchased / 12,088,910 units redeemed during the year)	-	4,279,620	-	42,961,821
	UTI Mutual Fund (8,782,795 units purchased / 705,348 units redeemed during the year)	8,111,422	33,975	191,507,994	33,985,122
	HSBC Mutual Fund (258,854,843 units purchased / 249,840,680 units redeemed during the year)	11,871,364	2,857,201	120,012,366	30,778,039
	Franklin Templeton Mutual Fund (50,274,047 units purchased / 45,188,685 units redeemed during the year)	13,390,626	8,305,264	206,132,583	83,148,984
	Religare Mutual Fund (15,500,159 units purchased / 23,866,972 units redeemed during the year)	-	8,366,813	-	83,943,167
	JM Financial Mutual Fund (18,250,143 units purchased / 26,329,025 units redeemed during the year)	-	8,078,882	-	80,874,557
	ICICI Prudential Mutual Fund (5,469,400 units purchased / 7,817,020 units redeemed during the year)	-	2,347,620	-	67,314,708

Schedules to the consolidated balance sheet (continued)

	Number of Units as at		(Rs.)	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	As at <u>March 31, 2010</u>	As at <u>March 31, 2009</u>
Tata Mutual Fund (22,834,492 units purchased / 25,940,211 units redeemed during the year)	-	3,105,719	-	31,167,760
J P Morgan Mutual Fund (4,269,845 units purchased / 6,529,592 units redeemed during the year)	-	2,259,747	-	22,617,578
HDFC Mutual Fund (4,000,942 units purchased / 5,333,499 units redeemed during the year)	-	1,332,557	-	38,731,657
Fidelity Mutual Fund (5,734 units purchased / 1,007,594 units redeemed during the year)	-	1,001,860	-	10,021,103
DSP Blackrock Mutual Fund (7,574,991 units purchased / 74,991 units redeemed during the year)	7,500,000	-	75,000,000	-
Birla Sun Life Mutual Fund (69,850,693 units purchased / 48,753,726 units redeemed during the year)	21,096,967	-	211,276,280	-
			<u>1,265,753,133</u>	<u>914,643,834</u>

Description	Market Value	
HDFC Mutual Fund	188,180,475	41,422,954
ICICI Prudential Mutual Fund	202,440,591	55,505,549
Fortis Mutual Fund	-	96,690,682
IDFC Mutual Fund	71,202,844	89,206,606
Reliance Mutual Fund	-	107,343,547
Deutsche Mutual Fund	-	43,804,821
UTI Mutual Fund	191,762,394	33,985,122
HSBC Mutual Fund	120,012,366	30,821,039
Franklin Templeton Mutual Fund	206,825,558	83,148,984
Religare Mutual Fund	-	83,943,167
JM High Liquidity Fund	-	80,874,557
ICICI Prudential Mutual	-	67,505,000
Tata Mutual Fund	-	31,167,760
J P Morgan Mutual Fund	-	22,617,578
HDFC Mutual Fund	-	38,918,000
Fidelity Mutual Fund	-	10,021,103
DSP Blackrock Mutual Fund	75,241,500	-
Birla Sun Life Mutual Fund	211,357,134	-
	<u>1,267,022,862</u>	<u>916,976,469</u>

C. Current investments - Balance IPO money

Non-Trade Investments - quoted (valued at lower of cost or market value)

	Number of Units as at		(Rs.)	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	As at <u>March 31, 2010</u>	As at <u>March 31, 2009</u>
ICICI Prudential Mutual Fund (65,805 units purchased / 5,785,481 units redeemed during the year)	-	5,719,676	-	60,476,995
Tata Mutual Fund (24,313 units purchased / 3,156,700 units redeemed during the year)	-	3,132,387	-	31,435,380
			-	91,912,375
			<u>1,272,498,467</u>	<u>1,013,301,543</u>

Description	Market Value	
ICICI Prudential Mutual Fund	-	60,476,995
Tata Mutual Fund	-	31,435,380
	-	<u>91,912,375</u>

Schedules to the consolidated balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
7. Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	8,887,285	55,541,600
- considered doubtful	37,206,921	268,155,002
Other debts		
- considered good	2,360,980,003	2,736,804,304
- considered doubtful	-	715,389
Less: Provision for doubtful debts	37,206,921	268,870,391
	<u>2,369,867,288</u>	<u>2,792,345,904</u>
8. Cash and bank balances		
Cash on hand	258,969	94,455
Balances with scheduled banks		
Current accounts	40,533,742	143,931,438
Deposit accounts	201,332,394	7,911,790
Balances with non-scheduled banks - in current accounts		
Wachovia Bank, N.A., USA	-	5,897,914
HSBC Bank, Swindon, UK	8,342,815	1,569,919
Deutsche Bank, Singapore	-	571,742
Bank of Tokyo, Mitsubishi	2,533,129	13,977,136
Silicon Valley Bank, USA	73,129,229	100,659,579
HSBC Dubai	3,854,076	968,330
HSBC Germany	8,252,533	4,731,868
May Bank, Malaysia	-	349,728
UBS, Basel	869,543	2,436,230
HSBC, Australia	10,073,263	528,548
HSBC, Singapore	6,497,393	4,007,453
HSBC, Netherlands	3,210,688	9,951,823
National Westminster Bank, UK	776,919	777,643
Bank of America, California, USA	-	7,192,635
Wells Fargo, Seattle, USA	15,641,699	72,121,610
HSBC, Canada	5,592,535	-
SCB, Republic of China	22,367,952	-
Balances with non-scheduled banks - in deposit accounts		
Silicon Valley Bank, California, USA	-	1,401,125
	<u>403,266,879</u>	<u>379,080,966</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
in current accounts		
Wachovia Bank, N.A., USA	72,927,532	78,057,331
HSBC Bank, Swindon, UK	40,271,265	26,982,412
Deutsche Bank, Singapore	571,742	22,191,608
Bank of Tokyo, Mitsubishi	30,063,534	25,019,067
Silicon Valley Bank, USA	711,423,619	748,201,980
HSBC Dubai	20,714,629	9,002,648
HSBC Germany	16,247,209	19,977,436
May Bank, Malaysia	349,728	349,728
UBS, Basel	2,436,230	5,803,246
HSBC, Australia	24,911,857	49,999,984
HSBC, Singapore	38,756,633	46,370,803
HSBC, Netherlands	9,951,823	10,168,704
Bank of America, California, USA	44,730,086	66,270,583
Wells Fargo, Seattle, USA	105,882,577	119,042,323
National Westminster Bank, UK	777,643	2,916,356
HSBC, Canada	5,592,535	-
SCB, Republic of China	22,367,952	-
in deposit accounts		
Silicon Valley Bank, California, U.S.A	<u>1,401,125</u>	<u>1,401,125</u>

Schedules to the consolidated balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
9. Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	874,840,276	780,357,817
Inter-corporate deposits	170,000,000	108,500,000
Unbilled revenue	372,781,722	294,870,090
Advance tax and tax deducted at source, net of provision for taxes	545,389,333	332,613,605
MAT credit entitlement	105,281,402	3,264,717
(Unsecured, considered doubtful)		-
Advances recoverable in cash or in kind or for value to be received	25,524,822	-
Less: Provision for doubtful advances	25,524,822	-
	<u>2,068,292,733</u>	<u>1,519,606,229</u>
10. Current liabilities		
Advances from customers	38,728,556	44,089,722
Interest accrued but not due	-	3,635,808
Unearned revenue	66,681,234	47,547,930
Sundry creditors		
Expenses	87,217,482	169,710,668
Capital goods	39,309,254	46,467,642
Other liabilities	1,839,573,874	2,470,081,193
Unclaimed dividend	2,154,052	1,988,236
Book overdraft	39,882,797	76,390,887
	<u>2,113,547,249</u>	<u>2,859,912,086</u>
11. Provisions		
Proposed dividend	79,029,988	-
Provision for gratuity	2,568,947	7,369,572
Compensated absences	125,302,435	142,827,714
Post contract support services	4,908,438	10,000,000
Provision for discount	50,435,295	51,354,403
Provision for foreseeable loss on contracts	23,938,369	-
Provision for		
tax on dividend	13,431,146	-
foreign taxes	190,401,050	10,741,315
	<u>490,015,668</u>	<u>222,293,004</u>

Schedules to the consolidated profit and loss account

	(Rs.)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
12. Software development expenses		
Salary and allowances	5,909,132,338	4,855,453,214
Contribution to provident and other funds	524,204,830	453,700,996
Staff welfare	61,230,832	76,722,319
Travel and conveyance	525,225,446	728,840,068
Communication expenses	43,595,401	70,201,947
Sub-contractor charges	340,367,968	260,631,934
Software purchases	42,808,410	19,644,784
Computer consumables	311,449,863	251,099,130
Rent	229,529,317	252,025,662
Post contract support services	(5,091,562)	(480,060)
	<u>7,982,452,843</u>	<u>6,967,839,994</u>
13. Administrative and other expenses		
Salary and allowances	1,286,804,307	939,409,431
Contribution to provident and other funds	61,566,313	37,981,579
Travel and conveyance	136,123,388	136,216,843
Power and fuel	157,973,016	151,694,894
Rent	96,984,916	38,756,502
Lease rentals/charges	20,266,323	22,093,258
Telephone charges	81,802,456	93,288,567
Printing and stationery	17,972,412	22,208,210
Office maintenance	68,624,201	82,540,338
Exchange loss, net	-	2,089,235,562
Staff training expenses	34,632,451	41,521,786
Advertisement	3,439,664	4,554,960
Bank charges	6,052,158	18,748,005
Insurance	21,532,758	15,610,612
Rates and taxes	37,033,008	28,502,099
Auditor's remuneration	9,786,560	9,392,755
Recruitment expenses	56,584,362	65,362,284
Repairs and maintenance		
- Plant and machinery	16,308,534	19,529,325
- Others	8,428,708	3,147,667
Marketing expenses	66,319,311	61,115,854
Donations	2,912,545	5,286,180
Legal and professional expenses	143,986,317	135,786,080
Loss on sale of fixed assets	598,489	-
Provision for bad and doubtful debts	23,801,758	80,624,135
Bad debts written off	38,904,609	-
Provision for foreseeable loss on contracts	23,938,369	-
Provision for doubtful advances	5,677,065	-
Miscellaneous expenses	93,602,989	84,015,020
	<u>2,521,656,987</u>	<u>4,186,621,946</u>
14. Interest		
Interest on term loans	11,575,546	108,611,090
Interest on short term credit / finance charges	15,089,315	53,380,470
	<u>26,664,861</u>	<u>161,991,560</u>
15. Other income		
Interest on deposits	14,257,942	15,957,930
Profit on sale of investments	11,008,385	5,750,038
Profit from sale of fixed assets, net	-	18,920,283
Dividend from investments	35,742,086	71,071,077
Exchange gain, net	673,385,534	-
Bad debts recovered	16,301,832	-
Liabilities no longer required written back	14,276,295	-
Miscellaneous income	4,623,282	3,490,170
	<u>769,595,356</u>	<u>115,189,498</u>

Consolidated Financial Statements

Schedule 16 - Significant accounting policies and notes to the accounts for the year ended March 31, 2010

1. Background

MindTree Limited ('MindTree' or 'the Company') together with its subsidiaries MindTree Wireless Private Limited and MindTree Software (Shenzhen) Co. Ltd collectively referred to as 'the Group' is an international Information Technology ("IT") 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. PE Services comprises R&D services and Product engineering services. R&D Services 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. Software Product Engineering provides full life cycle product engineering, professional services and sustained engineering 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. The Group is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, France and Republic of China.

2. Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except for certain financial instruments which are measured at fair values and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, as amended, other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable and the guidelines issued by Securities and Exchange Board of India ('SEBI').

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of MindTree and its subsidiaries. The financial statements of MindTree and its majority owned/ controlled subsidiaries have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/ transactions and resulting unrealized gain/loss from the date the parent company acquired control of those subsidiaries. The names of the subsidiaries have been disclosed in Note 16(13).

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles ('GAAP') 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 consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.4 Fixed assets and depreciation

- 2.4.1 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.
- 2.4.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are stated 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 Group.
- 2.4.3 Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 1, 2001 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.
- 2.4.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date and the cost of the fixed asset not ready for its intended use on such date, are disclosed under capital work-in-progress.
- 2.4.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Asset classification	Useful life
Computer systems (including software)	1-3 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3-5 years
Office equipment	4-5 years
Motor vehicles	4-5 years
Buildings	25-30 years

- 2.4.6 Fixed assets individually costing Rs 5,000 or less are fully depreciated in the period of purchase/ installation. Depreciation on additions and disposals during the year is provided on a pro-rata basis.
- 2.4.7 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.

2.5 Investments

- 2.5.1 Long-term investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.
- 2.5.2 Current investments are carried at the lower of cost (determined on the specific identification basis) and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.
- 2.5.3 Profit or loss on sale of investments is determined on the specific identification basis.

2.6 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprises cash in hand and balance in bank in current accounts, deposit accounts and in margin money deposits.

2.7 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 Group are segregated.

2.8 Employee benefits

2.8.1 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 Group 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 profit and loss account.

2.8.2 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 Group accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

2.8.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.9 Revenue recognition

2.9.1 The Group 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. Revenues are stated net of discounts and include expenses billed to the customers at a mark-up.

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

2.9.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers and is shown as reduction of revenues.

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

2.9.4 Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.10 Foreign exchange transactions

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

2.10.2 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 year are recognised in the profit and loss account for the year.

2.10.3 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 recognized in the profit and loss account. 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.

2.10.4 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 profit and loss account are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the profit and loss account.

2.10.5 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.

2.10.6 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 Group has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' which is recommendatory with effect from April 1, 2009. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Group 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 that relate to a firm commitment or a highly probable forecasted transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange loss/(gain) has been debited/ credited to profit and loss account for the year.

2.11 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 year of recognition of revenue.

2.12 Provision and contingent liabilities

The Group 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.

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.

2.13 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group. 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 year 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 convincing evidence that the Group 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 seven years from the period in which such credit is availed.

The entities within the Group offset, 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.

2.14 Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI, the Group has made provision for FBT under income taxes.

The Finance Act, 2007 has introduced Fringe Benefit Tax (FBT) on employee stock options. The Group recovers such FBT from the employees, upon the exercise of the stock options. The FBT liability and related recovery is recorded at the time of exercise of options in the profit and loss account.

The Finance Act, 2009 has withdrawn FBT effective April 1, 2009 and accordingly there is no charge of FBT in the current year's financial statements.

2.15 Earnings per share

In determining earnings per share, the Group 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 year. 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.

2.16 Impairment of assets

The Group 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 Group 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 recognized in the profit and loss account. 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 recognized. 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.

2.17 Employee stock options

The Group measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized over the vesting period of the option.

2.18 Goodwill

Goodwill arising on consolidation/acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired.

3. Acquisition and amalgamation of TES PV Electronic Solutions Private Limited.

On December 17, 2007, MindTree had acquired 100% equity in TES PV Electronic Solutions Private Limited ('TES PV'), a company that delivered a range of services that included hardware product design cycle, system design cycle (board design/development), embedded software services, turnkey silicon design, coverage, IP-ReD, EDA Solutions, embedded system solutions, system/ board design and intellectual properties. TES PV was subsequently renamed as MindTree Technologies Private Limited ('MTPL').

In earlier years', assets, liabilities, income and expenses of MTPL were consolidated with MindTree on a line-by-line basis from the date MindTree acquired control of MTPL.

In the previous year, subsequent to the acquisition, the Company vide a scheme of amalgamation ('the scheme') approved by the shareholders of the Company in June 2008 proposed to merge MTPL with itself. Approval of Hon'ble High Court of Karnataka was received in January 2009 and the scheme was effective April 1, 2008.

In terms of the scheme, MTPL was amalgamated with the Company with effect from April 1, 2008. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, Accounting for Amalgamations.

Following are the salient features of the scheme:

- a) 6,000 equity shares of Rs 100/- each held by the Company in MTPL were cancelled and extinguished, from the effective date of the scheme.
- b) All the assets and liabilities of MTPL are recorded in the books of the Company at their carrying amounts as on April 1, 2008.
- c) Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 214,309,508 resulting from the amalgamation was adjusted against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs 214,309,508 would have been required to be amortized as per the Company's accounting policy.

4. Acquisition and amalgamation of Aztecsoft Limited

During the previous year, the Company had acquired 36,441,595 equity shares of Aztecsoft Limited ('Aztec'), a Company listed on

recognized stock exchanges in India for a consideration of Rs 2,919,519,314. Consequent to the acquisition of these shares, Aztec became a subsidiary of the Company. As at March 31, 2009, the Company held 79.9% of outstanding equity shares of Aztec.

The Company had filed an application with the Hon'ble High Court of Karnataka for the merger of Aztec with the Company effective April 1, 2009. During the current year approval of the merger was received from the Hon'ble High Court of Karnataka on June 3, 2009.

In terms of the scheme, Aztec was amalgamated with the Company with effect from April 1, 2009. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, Accounting for Amalgamations.

Following are the salient features of the scheme:

- a) 36,441,595 equity shares held by the Company in Aztec and 2,010,751 equity shares held by Aztec Software and Technology Services Limited Employees Welfare Trust were cancelled and extinguished, from the effective date of the scheme. Further 1,300,965 equity shares of the Company were issued to the erstwhile minority shareholders of Aztec holding 7,155,306 equity shares in Aztec based on the swap ratio of 2 equity shares in the Company for every 11 equity shares held in Aztec considering the market value of Rs. 211.05 per share of the Company as at April 1, 2009. The additional consideration thus paid to the minority shareholders of erstwhile Aztec amounted to Rs 274,568,663. Accordingly, the total consideration for the transaction amounted to Rs 3,194,087,977
- b) All the assets and liabilities of Aztec are recorded in the books of the Company at their carrying amounts as on April 1, 2009. The net worth of the Aztec as at the date of acquisition on initial control amounted to Rs 1,745,890,512.
- c) Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 1,407,210,756 resulting from the aforesaid amalgamation was adjusted against the securities premium account of the Company.

5. Purchase of business

During the year, the Company acquired 412,500 equity shares of Kyocera Wireless (India) Private Limited ('KWI') representing 100% of equity share capital of KWI at a cost of Rs. 436,793,805.

Consequently, KWI has become a 100% subsidiary of the Company with effect from October 1, 2009. Subsequent to the acquisition, the name of KWI was changed to MindTree Wireless Private Limited ('MWPL').

The Company has filed an application with the Hon'ble High Court of Karnataka for the merger of MindTree Wireless Private Limited with the Company effective April 1, 2010.

From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line-by-line basis. The consolidation has resulted in goodwill of Rs. 154,258,759.

6. Employee stock options

MindTree instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors (Board). Under the ESOP, the Company currently administers six stock option programs.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of Rs 2 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.

Outstanding options as at April 1, 2009	32,289
Granted during the year	-
Exercised during the year	17,401
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2010	14,888

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2009	283,911
Granted during the year	-
Exercised during the year	94,487
Lapsed during the year	5,547
Forfeited during the year	-
Outstanding options as at March 31, 2010	183,877

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.

Outstanding options as at April 1, 2009	269,803
Granted during the year	-
Exercised during the year	60,112
Lapsed during the year	5,135
Forfeited during the year	8,640
Outstanding options as at March 31, 2010	195,916

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.

Outstanding options as at April 1, 2009	2,737,167
Granted during the year	232,000
Exercised during the year	156,476
Lapsed during the year	19,983
Forfeited during the year	133,774
Outstanding options as at March 31, 2010	2,658,934

Program 5 [ESOP 2008 A]

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. 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. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2009	360,131
Granted during the year	-
Exercised during the year	58,828
Lapsed during the year	14,256
Forfeited during the year	53,575
Outstanding options as at March 31, 2010	233,472

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

Options under this program have been granted to independent directors at an exercise price of Rs 300 per option. 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.

Outstanding options as at April 1, 2009	116,670
Granted during the year	-
Exercised during the year	19,149
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2010	97,521

The weighted average exercise price is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 345.60 under program 4, Rs. 406.50 under program 5 and Rs 292.21 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2010 was Rs 231.55. The options outstanding at March 31, 2010 had a weighted average exercise price of Rs 325.40 and a weighted average remaining contractual life of 3.87 years.

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

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

Particulars	Amounts in Rs.	
	Year ended March 31, 2010	Year ended March 31, 2009
Net profit as reported	2,148,587,405	523,011,713
Add: Stock-based employee compensation expense (intrinsic value method)	5,140,592	9,982,125
Less: Stock-based employee compensation expense (fair value method)	95,935,045	133,845,678
Pro forma net profit	2,057,792,952	399,148,160
Basic earnings per share as reported	54.77	13.84
Pro forma basic earnings per share	52.45	10.56
Diluted earnings per share as reported	52.79	13.70
Pro forma diluted earnings per share	50.56	10.46

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2010, estimated on the date of grant was Rs 368.70 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs.253 - Rs.580
Exercise price	Rs.253 - Rs.580
Dividend yield%	0.04 - 0.17%
Expected life	3-5 years
Risk free interest rate	5.46% - 8.06%
Volatility	61.64% - 89.72%

7. Provision for taxation

The Group has STPI units at Bangalore, Hyderabad and Pune which are registered as a 100 percent Export Oriented Unit, which is entitled to a tax holiday under Section 10B and Section 10A of the Income Tax Act, 1961. However, some of the units have completed the 10 year tax holiday period and are not eligible for deduction of profits under Section 10A/10B of the Income Tax Act, 1961. The Group also has units at Bangalore 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.

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

Amounts in Rs.

Particulars	As at	As at
	March 31, 2010*	March 31, 2009
Excess of depreciation as per books over depreciation allowed under Income Tax Act	171,038,755	72,165,910
Provision for doubtful debts	12,646,632	83,942,263
Provision for compensated absence	26,416,581	31,090,350
Provision for post contract support services	1,668,378	2,549,250
Provision for gratuity	1,782,042	-
Total deferred tax assets	213,552,388	189,747,773

*Deferred tax assets include Rs 52,573,977 acquired as a part of business purchase. Refer Note 5 of Schedule 16

8. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2010 is Rs. 381,840,535 (previous year: Rs 102,192,299).
- Guarantees given by Group's bankers as at March 31, 2010 are Rs. 123,299,404 (previous year- Rs 35,971,678).
- Claims against the Group not acknowledged as debts amounts to Rs Nil (Previous year- Rs 691,000).
- On September 19, 2007, the Group received a notice from the Honourable High court of Karnataka to appear before the Honourable court in respect of assessment of income for Assessment Year ('A.Y') 2001-02. The Assessing Officer ('AO') has held that interest receipts are not eligible for deduction under Section 10B of the Act even though they are business income and disallowed the same and raised a demand of Rs 616,530. Further AO also mentioned that losses from export earnings cannot be set off against other income. The AO also rejected the claim of carry forward of business loss and unabsorbed depreciation. The order of the AO was not upheld by Income Tax Appellate Tribunal (ITAT) and the AO preferred an appeal with the Honorable High Court of Karnataka against the order of the ITAT. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for year end March 31, 2010.

- e) On January 2, 2008, the Group has received an assessment order for A.Y 2005-06 from the AO with a demand amounting to Rs 6,479,880 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arose from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Group has filed an appeal against the order received. The Income-Tax department has adjusted the amount of demand against the refund due for A.Y 2006-07.
- f) On January 5, 2009, the Group has received an assessment order for A.Y 2006-07 from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 51,446,560 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Group has filed an appeal against the demand received.
- g) On January 2, 2010, the Group has received an assessment order for A.Y 2007-08 from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 32,236,229 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2010. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.
- h) On January 2, 2010, the Group has received an assessment order for A.Y 2007-08 for the erstwhile subsidiary MindTree Technologies Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 11,162,792 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 for the year ended March 31, 2010. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.
- i) The Group has received orders under Section 143(3) of the Income-tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04 and 2004-05 wherein demand of Rs 91,481,000, Rs 49,264,000, Rs 60,837,000 and Rs 28,484,000 respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals).

The Group had received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) has

accepted the Group's contentions and quashed the demand raised. The Income tax department had appealed against the above mentioned order with ITAT. ITAT, during the current year have passed an order setting aside both the Order of the Commissioner of Income Tax (Appeals) as well as the Assessing Officer and has remanded the matter back to the assessment officer for re-assessment. The Group has preferred an appeal with the High Court of Karnataka against the order of the ITAT. Further, during the year the High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

The Group has appealed against the demands received for financial year 2002-03, 2003-04 and 2004-05 to the Commissioner of Income-tax (Appeals) where the matter is pending conclusion. Based on favourable order received by the Group for the financial year 2001-02 and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements for the year ended March 31, 2010.

- j) During the year, the Group has received an assessment order under Section 92CA of the Income Tax Act 1961. The assessment order pertains to erstwhile Aztecsoft Limited wherein the Joint Director of Income tax has made a transfer pricing adjustment under section 92CA for payment of Rs 112,188,319 made for selling and marketing support services and excess deduction claimed under Section 10A. The Group has filed an application with the Deputy Commissioner of Income Tax against the order received. The Group is yet to receive an assessment order under Section 143(3) giving effect to the above adjustments and hence no adjustment has been made to the financial statements for the year ended 31 March 2010.
- k) MWPL has received an assessment order for the assessment year 2005-06 for an amount of Rs. 17,064,562 under Section 156 of the Income Tax Act, 1961. MWPL has filed an appeal against the same. However, MWPL has issued a bank guarantee in favour of the tax authorities for an amount of Rs 16,660,610. The Group does not expect any additional cash flow in respect of the balance amount of Rs. 403,952

9. Segmental reporting

The Group's operations predominantly relate to providing IT Services, PE Services. The Group considers the 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 Group therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income.

The assets of the Group 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

Amounts in Rs.

Consolidated Profit and Loss statement for the year ended March 31, 2010	IT Services	PE Services	Total
Revenues	6,980,280,117	5,979,525,937	12,959,806,054
Operating expenses, net	5,843,470,291	4,774,341,509	10,617,811,800
Segmental operating income	1,136,809,826	1,205,184,428	2,341,994,254
Unallocable expenses			538,077,085
Profit for the year before interest, other income and tax			1,803,917,169
Interest expense			26,664,861
Other income			769,595,356
Net profit before taxes			2,546,847,664
Income taxes			398,260,259
Net profit after taxes			2,148,587,405

Amounts in Rs.

Consolidated Profit and Loss statement for the year ended March 31, 2009	IT Services	PE Services	Total
Revenues	7,924,678,720	4,449,993,899	12,374,672,619
Operating expenses, net	5,734,698,847	3,721,517,272	9,456,216,119
Segmental operating income	2,189,979,873	728,476,627	2,918,456,500
Unallocable expenses			2,267,800,043
Profit for the year before interest, other income and tax			650,656,457
Interest expense			161,991,560
Other income			115,189,498
Net profit before taxes			603,854,395
Income taxes			67,244,599
Net profit after taxes			536,609,796
Share of profits of associates and minority interest			27,388,626
Net profit before minority interest			563,998,422
Minority interest			40,986,709
Net profit for the year after minority interest			523,011,713

Geographical segments

Amounts in Rs.

Revenues	Year ended March 31, 2010	Year ended March 31, 2009
America	8,420,895,246	8,079,437,519
Europe	2,555,182,101	2,438,721,233
India	773,653,113	780,314,577
Rest of World	1,210,075,594	1,076,199,290
Total	12,959,806,054	12,374,672,619

10. Related party transactions

Name of Related Party	Nature of Relationship
Aztec Software and Technology Services Limited Employees' Welfare Trust	Trust formed by Aztec to implement and administer the Employees' Stock Option Plans
MindTree Benefit Trust	The Trust is effectively controlled by MindTree

Key managerial personnel:

Ashok Soota	Executive Chairman effective April 1, 2009
Subroto Bagchi	Gardener and Vice-Chairman
N Krishnakumar	CEO & Managing Director effective April 1, 2009
S Janakiraman	President & Group-CEO effective April 1, 2009
Dr. Albert Hieranimous	Non executive Director of MindTree
George M. Scalise	Non executive Director of MindTree
Mark A. Runacres	Non executive Director of MindTree
N. Vittal	Non executive Director of MindTree
R. Srinivasan	Non executive Director of MindTree
V.G.Siddhartha	Non executive Director of MindTree
David B. Yoffie	Non executive Director of MindTree
Rajesh Subramaniam	Non executive Director of MindTree

Remuneration paid to key managerial personnel amounts to Rs. 38,724,526. (previous year: Rs. 46,513,603). Amounts payable to directors in the nature of travel and business expenses as at March 31, 2010 amounted to Rs.784,353 (previous year: Rs 582,711). Dividends paid to Directors amounted to Rs 9,560,261 (previous year: Rs 7,637,842).

**Stock compensation cost has not been considered in the managerial remuneration computation.

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

11. Lease transactions

All assets leased on a 'finance lease' basis on or after April 1, 2001 are capitalized in the books of the Group with a corresponding liability recognising future liability on these leases. The Group has acquired certain vehicles on finance lease. The legal title to these vehicles under finance lease vests in the lessors.

The total minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of minimum lease payments are as follows:

Amounts in Rs.

Particulars	As at March 31, 2010	As at March 31, 2009
(a) Total minimum lease payments	-	-
(b) Future interest included in (a) above	-	-
(c) Present value of minimum lease payments [(a)- (b)]	-	-

12. Earnings per share

Reconciliation of shares used in the computation of earnings per share is set out below:

Amounts in Rs.

Particulars	For the year ended March 31, 2010		Year ended March 31, 2009	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax	2,148,587,405		523,011,713	
Shares				
Weighted average number of equity shares outstanding during the year	39,232,474	39,232,474	37,784,844	37,784,844
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,465,181	-	390,054
Weighted average number of equity shares for calculation of earnings per share	39,232,474	40,697,655	37,784,844	38,174,898

As per the Guidance note (issued in January 2005) on Accounting for Employee Share Based Payments by the ICAI, Nil (previous year : 189,110), weighted average number of shares held by MindTree Benefit Trust have been reduced from the equity shares outstanding for computing basic and diluted earnings per share for the year ended March 31, 2010.

13. The details of the subsidiaries as at March 31, 2010 are as follows:

Name of the Subsidiaries	Country of incorporation	Proportion of interest
MindTree Wireless Private Limited	India	100%
MindTree Software (Shenzhen) Co Ltd,	Republic of China	100%
Aztecsoft Software Inc,	USA	100%
Aztecsoft Disha Inc,	USA	100%

Also refer Note 3 and 4 of Schedule 16

Finance charges during the year on such finance leases as mentioned above are Rs Nil (previous year-Rs 1,111,954) which is included under 'Interest on short term credit / finance charges'.

Lease rental expense under non-cancellable operating lease during the year amounted to Rs. 92,459,089 (previous year-Rs 73,477,226). Future minimum lease payments under non-cancellable operating lease as at March 31, 2010 is as below:

Minimum lease payments	Amounts in Rs.
Payable—not later than one year	24,702,532
Payable—Later than one year and not later than five years	17,726,285

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the period was Rs. 234,055,144 (previous year-Rs 217,304,938).

14. The disclosure of provisions movement as required under the provisions of Accounting Standard 29 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:-

Provision for post contract support services

Amounts in Rs.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	10,000,000	10,480,060
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	(5,091,562)	(480,060)
Provision as at the end of the year	4,908,438	10,000,000

Provision for discount

Amounts in Rs.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	51,354,403	44,983,541
Provisions made during the year	43,105,129	17,060,691
Utilisations during the year	(29,747,942)	(10,689,829)
Released during the year	(14,276,295)	-
Provision as at the end of the year	50,435,295	51,354,403

Provision for foreseeable losses

Amounts in Rs.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Balance as at beginning of the year	-	-
Provisions made during the year	23,938,369	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	23,938,369	-

15. Statement of utilisation of IPO funds as of March 31, 2010

Particulars	Amounts in Rs.
Amount raised through IPO	2,377,152,500
Share issue expenses paid	188,717,404
Net proceeds	2,188,435,096
Deployment	
Repayment of debts	113,750,000
Development centre at Chennai	812,542,615
General corporate purposes	1,262,142,481
Total	2,188,435,096

16. Gratuity plan

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

Amounts in Rs.

Particulars	As at March 31, 2010	As at March 31, 2009
Obligations at the beginning of the year	175,098,521	109,698,263
Obligations acquired as part of the business purchase*	21,514,301	34,277,000
Service cost	29,966,236	25,123,432
Interest cost	14,040,818	8,527,196
Benefits settled	(11,249,873)	(5,846,616)
Actuarial (gain)/loss	(109,640)	3,319,246
Obligations at end of the year	229,260,363	175,098,521
Change in plan assets		
Plans assets at the beginning of the year, at fair value	167,728,949	90,587,986
Plans assets acquired as part of the business purchase*	17,204,105	31,455,428
Expected return on plan assets	13,565,249	7,574,699
Actuarial gain/(loss)	39,442,986	(4,970,022)
Contributions	-	48,927,474
Benefits settled	(11,249,873)	(5,846,616)
Plans assets at the end of the year, at fair value	226,691,416	167,728,949
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	226,691,416	167,728,949
Present value of defined obligations as at the end of the year	229,260,363	175,098,521
Asset/(liability) recognized in the balance sheet	(2,568,947)	(7,369,572)
Gratuity cost for the year	For the year ended March 31, 2010	For the year ended March 31, 2009
Service cost	29,966,236	25,123,432
Interest cost	14,040,818	8,527,196
Expected return on plan assets	(13,565,249)	(7,574,699)
Actuarial (gain)/loss	(39,552,626)	8,289,268
Net gratuity cost	(9,110,821)	34,365,197
Assumptions		
Interest rate	7.82%	7.01%
Expected rate of return on plan assets	7.82%	7.01%
Expected rate of salary increase	6-10%	5-10%
Attrition rate	12.5-15.0%	6-12.30%
Retirement age	58-60	58-60

* Refer Note 5 of Schedule 16

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

17. Derivatives

As at March 31, 2010, the Group has outstanding forward contracts amounting to USD 80.8 million (previous year USD 38 million), and CHF NIL (previous year CHF 0.05 million), option contracts amounting to USD 7 million (previous year USD 5 million), forward strips and leverage option contracts amounting to USD 100 million (previous year USD 142 million). These derivative instruments have been entered to hedge highly probable forecast sales.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain/ (loss) of Rs 216,759,399 (previous year: loss of Rs 98,442,323) has been credited/debited to hedge reserve. Other derivative instruments that do not qualify for hedge accounting have been fair valued at balance sheet date and resultant exchange gain/ (loss) of Rs 1,113,095,555 (previous year: loss of Rs. 1,522,924,878) has been recognized in the profit and loss account for the year.

Place: Bangalore

Date: April 28, 2010

18. Prior period comparatives

Previous year's figures have been regrouped /reclassified wherever necessary, to conform to the current year's classification. As explained in Note 5, MindTree has consolidated the results of MWPL on a line-by-line basis from the date of acquiring control. i.e. October 1, 2009. Accordingly, figures of current year are to that extent not comparable with those of previous year.

For MindTree Limited

Ashok Soota
Executive Chairman

Rostow Ravanan
Chief Financial Officer

N Krishnakumar
CEO & Managing Director

Rajesh Srichand Narang
Company Secretary





SUBSIDIARY FINANCIALS

MINDTREE WIRELESS PRIVATE LIMITED
[FORMERLY KYOCERA WIRELESS (INDIA) PRIVATE LIMITED]

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010



Directors' Report

Dear Shareholders,

The Directors of MindTree Wireless Private Limited [formerly Kyocera Wireless (India) Private Limited]. ("MTWPL" or "the Company") have pleasure in presenting their Seventh Annual Report, together with the Audited Financial Statements for the year ended March 31, 2010.

1. RESULTS OF OPERATIONS:

Financial performance of the Company is summarized below:
Rs. in 000's

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Income from Software Development	1,006,265,086	1,303,505,861
Other income	2,364,885	47,998,208
Revenue-Total	1,008,629,971	1,351,504,069
Expenditure - Total	767,249,925	726,084,343
Profit Before Interest Depreciation & Tax	241,380,046	625,419,726
Interest	1,386,267	
Depreciation	82,781,116	71,472,169
Profit Before Tax	157,212,663	553,947,557
- Current Tax	35,877,121	79,504,739
- MAT Credit Entitlement	(24,712,837)	(62,602,759)
- Deferred Tax	(1,316,721)	(24,71,293)
- Fringe Benefit Tax	(277,174)	32,47,068
- Overseas Corporate Tax	21,244,914	2,52,27,595
Profit After Tax	126,397,360	511,042,207
Profit from earlier year/s	379,513,201	296,410,592
Final Dividend including Tax thereon	272,852,535	-----
Interim Dividend including Tax thereon	-----	276,262,926
Proposed Final Dividend including tax thereon	-----	100,476,672
Transferred to General Reserve	12,639,736	51,200,000
Profit carried to Balance Sheet	220,418,290	379,513,201

2. REVIEW OF OPERATIONS:

During the year the Company achieved revenue of INR 1006.27 million compared to the previous year revenue of INR 1303.51 million the current year revenue was reduced by INR 297.24 million. The reduction of revenue amounting to INR 297.24 million is mainly from the customer KWC, who had carried out internal restructuring and had shifted the product test to their in-house team at Japan effective October 2010 and had also partially shifted their software development to their in-house team at Japan and also compared to FY 2008-09, there was reduction in average FX realization during FY 2009-10 which also resulted in reduction of revenue in INR during the current year as major portion of the company's revenue is from export of services.

The Company continued to operate in the Transaction net margin method (TNMM) or Time-and-Material model for the second year with all its customers. Under this method entire risk relating to Currency, attrition etc was borne by the company as against the cost plus model wherein the entire risk was borne by its customers.

Compared to the previous year the Company achieved lesser profitability due to increase in the buffer / bench being non billable employees after October 2010. The increase in non billable people effective Oct'10 is due to internal reorganization carried out by the main customer KWC, as already stated above. The Company also provided increase of 8% to billable employees in the competency C1 to C4 effective January '2010 with a view to retain its employees

3. REORGANISATION:

The Management and ownership of your Company has been changed from Kyocera Wireless Corp to MindTree Limited. Effective October 1, 2009, all the shares held by Kyocera Wireless Corp and Kyocera International Inc were transferred to MindTree Limited making your Company the wholly owned subsidiary of MindTree Limited. The Company also changed its name from Kyocera Wireless (India) Private Limited to MindTree Wireless Private Limited w.e.f. December 1, 2009.

Your Company has also made an application in the Hon'ble High Court of Karnataka for amalgamation of your Company with MindTree Limited. Meeting of Creditors as per the directions of the Hon'ble Court was conducted on April 20, 2010.

4. FIXED DEPOSITS:

The Company has not accepted any fixed deposits within the meaning of Section 58A and/or Section 58AA of the Companies Act, 1956, during the year under review.

5. DIVIDEND POLICY

During the year, the Company adopted the Dividend guidelines of KII until transfer of ownership and accordingly the Company was declaring quarterly dividends to the extent of 75% (inclusive of tax) of the net profits of the Company as detailed below.

6. DIVIDEND:

The Board of Directors have declared quarterly interim dividend out of current year profits (i.e. 2009-10) in their Board Meetings held on the following dates and manner:

- 16th July 2009 - at the rate of INR 106.58/- per equity share on 412,500 fully paid up equity shares of INR 10 each, aggregating to INR 43,964,250/- to those members whose names appear on the Register of Members as on July 16th, 2009.
- 18th September 2009 - at the rate of INR 458.80/- per equity share on 412,500 fully paid up equity shares of INR 10 each, aggregating to INR 189,253,012/- to those members whose names appear in the Register of Members as on September 18th, 2009.

The Interim Dividend has been paid as per details stated above during the financial year 2009-10 to Kyocera Wireless Corp and Kyocera International Inc, the shareholders of the Company until September 30, 2009. The interim Dividend paid upto September 2009 was approved by the members during the EGM held on September 30, 2009. With effect from October 1, 2009, Kyocera Wireless Corp and Kyocera International Inc transferred its entire shareholding in the Company to MindTree Limited. However, no dividend payments were made to the new shareholders, which require the approval at the Annual General Meeting. Nevertheless, interim dividend paid during the financial year 2009-10 has to be regularized at the Annual General Meeting with approval of the shareholders.

The total Dividend amount is INR 23,32,17,261 and Dividend tax amount of INR 3,96,35,274/- for financial year FY 2009-10, as against Dividend amount of INR 3,22,13,418 and Dividend tax amount of INR 5,47,26,180 for previous financial year FY 2008-09. Dividend (including Dividend tax) as a percentage of profit after tax is 216% which includes Dividend declared out of reserves brought forward as compared to 74% of previous year.

Considering the good brought forward reserves and profitability, the Company was able to declare total Dividend of INR 565.38/- per share in FY 2009-10 as against Dividend of INR 572.441/- per share in FY 2008-09 to its stake holder.

7. TRANSFER TO RESERVES:

The Company has transferred an amount of INR 12,639,736/- to its reserves pursuant to the interim dividend paid by the Company in the month of July and September 2009.

8. PARTICULARS OF EMPLOYEES:

The details of employees drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given below

8.1 Employed throughout the financial year

Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(yrs)	Gross Remuneration	Previous Employment Designation
Samartha Raghava Nagabhushanam	President & CEO	B E	37.9	1-Aug-03	16.09	13,217,583	Sasken, Sr Program Manager and Head Advance Technology Group
Umesh Madhav Date	Senior Director, Engineering	M Sc	42.4	1-Aug-03	19.06	6,428,592	Sasken, Project Manager
Sridhar Venkata Pulikonda	Principal Manager, Program Management	M Tech	38.8	1-Aug-03	15.11	4,150,597	Polaris Networks, USA Lead S/W Engineer
Nageshwar Rao Cuddapah	Director, Engineering	B E	42.7	26-Apr-04	16.07	4,680,536	Hughes Software Systems, Technical Manager
Arunachalam Karthikeyan	Director, Engineering	B E	44.7	12-Jul-04	24.11	3,318,984	C-DOT Executive
Sheetal Shantilal Shah	Associate Director, Engineering	PGD	42.5	14-Jul-04	20.05	4,303,684	L & T Infotech, Senior Project Manager
Ravindra Devendrappa Noubade	Director, Engineering	B E	40.4	6-Sep-04	17.09	4,947,820	Samsung India Software Opns, Chief Engineer
Unnikrishnan GopinathPillai	Principal Manager, Hardware Engineering	B Tech	37.9	23-May-05	16.01	3,865,988	Texas Instruments, Test Development Engineer
Prasad Kotikalapudi	Associate Director, Information Technology	MCA	38.8	20-Sep-05	15.03	4,157,092	GECS, Senior Manager
Srinivas Mylavarapu	Principal Manager, Wireless Technology	BCS	38.5	21-Aug-06	15.11	2,419,208	L & T Infotech, Technical Manager
M G Balakrishna Rao	Senior Director, Engineering	ME	51.2	4-Sep-06	26.09	6,576,668	Trianz Consulting Pvt Ltd - Director, Delivery
Shankaran Ramachandran	Director, Finance	B. Com-Honours	46	20-Feb-08	24.02	2,832,435	Concorde Motors (India) Limited, AGM-Finance
Rex Dennes Jayaseelan	Principal Manager, Wireless Technology	MCA	36.5	16-Feb-09	11.07	2,439,168	Fondest Connections - Principal Consultant

Note:

1. Remuneration above is on cost to company basis. i.e. basic salary, all allowances, incentives and employees contribution to provident fund.
2. None of the employees is related to any director of the company.
3. None of the employees mentioned above hold any shares in the Company
4. All the employees mentioned above are on the rolls of the Company and not on contractual basis

8.2 Employed for part of the financial year

Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(yrs)	Gross Remuneration	Previous Employment Designation
Nagendra Prasad Nonavinakere Kiran D M	Associate Director, Engineering Senior Director, Corporate Support	BE B.Com	38.6 42.6	8-Dec-03 17-Jan-07	14.1 24.02	4,249,835 3,867,518	Sasken, Project Leader Global Edge Software Ltd., GM - Operations

8.3 Employee added during the year

Name	Designation	Qualification	Age (Years)	Date of Joining	Exp(yrs)	Gross Remuneration	Previous Employment Designation
Ravi Kiran Gurram Nagarajan Viswanathan Iyer	Associate Director, Engineering Vice President, Customer Care Organisation	BE MBA	37.2 44.9	9-Dec-09 10-Mar-10	13 24	837,052 219,632	Sonoo Networks - Product Manager Vidcocon Industries Ltd - Senior General Manager - SE

9. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's operations involve low energy consumption. The Company has put in place latest computer equipments, database management systems, internet connectivity, security systems, etc. amongst other communication facilities. A secure technology environment ensures that the Company maintains the highest level of data security and document confidentiality. The Company's technology is compliant with international data protection norms and can be easily integrated with existing network set-ups.

The Company strives to remain abreast of state-of-art systems and has used tested, proven and appropriate technology to minimize time of delivery and improve maintainability. Particulars relating to Technology absorption is nil.

Information relating to foreign exchange earnings and outgo during the year under review is as under:

(Amt. in Rupees)

Particulars	2010	2009
Foreign Exchange Earnings	1,006,265,086	1,302,285,186
Foreign Exchange Outgo	55,113,019	28,711,052

10. BOARD OF DIRECTORS:

The following are the current Directors of the Company:

Name	Designation
Mr. Samartha Ragahava Nagabhushanam	Managing Director
Mr. Rostow Ravanan	Director
Mr. Parthasarathy N S	Director

During the year under review, Mr. Rodney lanthorne, Mr. Takeru Ohira, Mr. William Edward, Mr. Eric Klien, Mr. Hiroaki Chida, resigned from the Board with effect from 1st of October, 2009 and Mr. Rostow Ravanan and Mr. Namakal Srinivasan Parthasarathy were appointed on the Board as on 1st of October, 2009. As per article 68 & 69 of the AOA of the Company, all directors of the Company are liable for retirement. At every annual general meeting of the Company, not less than one third of the total number of directors of the Company retires by rotation. The directors retiring by rotation are those who are holding office the longest since their last appointment. Mr. Samartha Raghava Nagabhushanam, Managing Director of the Company, having been longest in the office of the directors since his last appointment, is liable to retire by rotation and is eligible for reappointment.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance with section 217(2AA) of the Companies Act, 1956, the Company's Directors confirm and state as follows:

- That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Company's directors have selected such accounting policies and has applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review.
- That the Company's directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Company's directors have prepared the annual accounts on a going concern basis.

12. AUDITORS:

As M/s Price Waterhouse, Chartered Accountants, resigned as the statutory auditors of the Company and M/s. B S R & Associates, Chartered Accountants, were appointed as the Statutory Auditors on 14th of October, 2009, to hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2010-2011. M/s B S R & Associates have, pursuant to Section 224(1B) of the Companies Act, 1956, furnished the relevant letter confirming their eligibility and willingness for re-appointment as Statutory Auditors, should they be so appointed.

13. HUMAN RESOURCES:

The year 2009-10 has been a significant year to Kyocera Wireless India Pvt Limited as the company witnessed integration of KWI with MindTree Ltd. The HR team was re-christened as "People Function" in line with MindTree Ltd. Seamless integration of process/policies and systems were ensured.

We were successful in rolling out few employee engagement activities amidst the turmoil which prevailed for some time during the business restructuring. Five interest groups under K-Life program was rolled out. Leadership development programs were designed to encourage innovative thinking towards team management. Middle level management was trained on Building Reward & Recognition Culture in the organization. CSR activities like School Kit sponsorship and Old clothes collection drive were facilitated.

Although, the year 2009-10 was a challenging year for the Telecom industry we were able to add 142 new employees and the Voluntary attrition of the company was at 18%.

14. COMPLIANCE CERTIFICATE:

Also company has obtained Compliance Certificate from a Company Secretary in whole-time practice, pursuant to proviso to Section 383A and Companies (Compliance Certificate) Rules, 2001 is attached to this report confirming that the company has complied with the applicable provisions of the Companies Act, 1956.

15. CORPORATE GOVERNANCE:

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others

16. ACKNOWLEDGEMENT:

The Company's Directors acknowledge with thanks the support and valuable co-operation extended by the business constituents, bankers and shareholders of the Company. The Company's directors' place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work and commitments have enabled the Company to achieve growth.

The Company's Directors also thank the Software Technology Parks of India, Department of Electronics, the Government of India and Karnataka, Department of Customs and Excise and other governmental agencies for their support during the year, and look forward to their continued support.

For and on behalf of the Board of Directors

Samartha Nagabhushanam
Managing Director

Rostow Ravanan
Director

Parthasarathy N.S
Director

Place: Bangalore
Date: April 27, 2010

AUDITORS' REPORT TO THE MEMBERS OF MINDTREE WIRELESS PRIVATE LIMITED [FORMERLY KYOCERA WIRELESS (INDIA) PRIVATE LIMITED]

We have audited the attached balance sheet of MindTree Wireless Private Limited [formerly Kyocera Wireless (India) Private Limited], ('the Company') as at March 31, 2010, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, by the Companies (Auditor's Report) Order, 2004, ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) on the basis of written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Act; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for **B S R & Associates**
Firm Registration No. 116231W
Chartered Accountants

Rajesh Arora
Partner
Membership No. 076124

Bangalore
April 27, 2010

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of MindTree Wireless Private Limited [formerly Kyocera Wireless (India) Private Limited], ('the Company') for the year ended March 31, 2010.

We report as follows:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were observed on such verification.
 - c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. The Company is a service company, primarily rendering software development services for telecommunication equipment. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, paragraph 4(iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of fixed assets are for the Company's specialised requirement and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventories and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the services rendered by the Company.
9. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Customs duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees State Insurance, Wealth tax and Excise duty.

There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government of India.

 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Service tax, Customs duty and other material statutory dues were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The Company however, disputes the following Income tax dues:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest demanded	17,064,562	Assessment year 2005-06	Commissioner of Income Tax (Appeals), Bangalore

Note: The Company has issued a bank guarantee to The Assistant Commissioner of Income Tax Department, Bangalore amounting to Rs 16,660,610.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loan outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. As stated in paragraph 5 above, there are no companies/ firms/ parties covered in the register required to be maintained under Section 301 of the Act.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates**
Firm registration No. 116231W
Chartered Accountants

Rajesh Arora
Partner
Membership No. 076124

Bangalore
April 27, 2010

Balance Sheet

	<u>Schedule</u>	<u>As at March 31, 2010</u>	<u>(Rs.) As at March 31, 2009</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	4,125,000	4,125,000
Reserves and surplus	2	312,462,749	455,835,424
		<u>316,587,749</u>	<u>459,960,424</u>
Loan funds			
Unsecured loans	3	70,000,000	-
		<u>386,587,749</u>	<u>459,960,424</u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		621,188,920	590,989,967
Less: Accumulated depreciation		(547,999,148)	(472,440,582)
Net block		<u>73,189,772</u>	<u>118,549,385</u>
Capital work-in-progress		4,397,852	2,216,915
		<u>77,587,624</u>	<u>120,766,300</u>
Deferred tax assets	14(4)	55,207,978	53,891,257
Current assets, loans and advances			
Sundry debtors	5	153,063,683	245,003,212
Cash and bank balances	6	32,398,621	135,153,329
Loans and advances	7	190,986,667	133,174,279
		<u>376,448,971</u>	<u>513,330,820</u>
Current liabilities and provisions			
Current liabilities	8	69,400,506	83,765,525
Provisions	9	53,256,318	144,262,428
Net current assets		<u>253,792,147</u>	<u>285,302,867</u>
		<u>386,587,749</u>	<u>459,960,424</u>
Significant accounting policies and notes to the accounts	14		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For MindTree Wireless Private Limited

For **B S R & Associates**
Firm registration No. 116231 W
Chartered Accountants

Rajesh Arora
Partner
Membership No. 076124

Samartha Nagabhushanam
Managing Director

Rostow Ramanan
Director

Place: Bangalore
Date: April 27, 2010

Parthasarathy N S
Director

Profit and Loss Account

	<u>Schedule</u>	<u>For the year ended March 31, 2010</u>	<u>(Rs.) For the year ended March 31, 2009</u>
Income			
Income from software development			
- Overseas		1,005,864,323	1,302,285,186
- Domestic		400,763	1,220,675
Other income	10	2,364,885	47,998,208
		<u>1,008,629,971</u>	<u>1,351,504,069</u>
Expenditure			
Material and other direct costs		-	8,190,548
Software development expenses	11	607,751,917	582,140,788
Administrative and other expenses	12	159,498,008	135,753,007
Interest	13	1,386,267	-
Depreciation	4	82,781,116	71,472,169
		<u>851,417,308</u>	<u>797,556,512</u>
Profit for the year before tax			
- Continuing operations		157,212,663	558,072,107
- Discontinued operations	14(21)	-	(4,124,550)
		<u>157,212,663</u>	<u>553,947,557</u>
Provision for taxation including FBT			
- Continuing operations		56,844,861	107,939,956
- Discontinued operations		-	39,446
Deferred tax credit		(1,316,721)	(2,471,293)
MAT credit entitlement		(24,712,837)	(62,602,759)
Profit for the year		<u>126,397,360</u>	<u>511,042,207</u>
Balance in profit and loss account brought forward		379,513,201	296,410,592
Amount available for appropriation		<u>505,910,561</u>	<u>807,452,799</u>
Dividend			
Final		233,217,261	-
Interim		-	236,132,250
Proposed		-	85,881,168
Total dividend		<u>233,217,261</u>	<u>322,013,418</u>
Dividend tax		39,635,274	54,726,180
Amount transferred to general reserve		12,639,736	51,200,000
Balance in profit and loss account carried forward		<u>220,418,290</u>	<u>379,513,201</u>
Earnings per share (par value Rs 10 each)			
Basic and diluted			
- total		306.42	1,238.89
- continuing operations		306.42	1,248.98
- discontinued operations		-	(10.09)
Weighted average number of shares used in computing earnings per share			
Basic and diluted		412,500	412,500

Significant accounting policies and notes to the accounts 14

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

For MindTree Wireless Private Limited

For **B S R & Associates**
Firm registration No. 116231 W
Chartered Accountants

Rajesh Arora
Partner
Membership No. 076124

Samartha Nagabhushanam
Managing Director

Rostow Ramanan
Director

Place: Bangalore
Date: April 27, 2010

Parthasarathy N S
Director

Cash Flow Statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	157,212,663	558,072,107
Adjustments for :		
Depreciation	82,781,116	69,361,390
Interest expense	1,386,267	-
Interest income	(1,929,056)	(2,331,640)
Profit on sale of fixed assets	(10,160)	499,239
Effect of exchange differences on translation of foreign currency cash and cash equivalents	<u>9,407</u>	<u>(1,867,725)</u>
Operating profit before working capital changes	239,450,237	623,733,371
Decrease/ (increase) in sundry debtors	91,939,529	(17,947,213)
Increase in loans and advances	(26,972,317)	(95,548,037)
Increase in current liabilities and provisions	2,444,911	39,404,705
Income taxes and FBT paid	(63,027,452)	(63,295,242)
Net cash provided by operating activities - continuing operations	<u>243,834,908</u>	<u>486,347,584</u>
Net cash provided by operating activities - discontinuing operations	<u>900,660</u>	<u>8,531,398</u>
Net cash provided by operating activities	<u>244,735,568</u>	<u>494,878,982</u>
Cash flow from investing activities		
Purchase of fixed assets	(44,759,240)	(106,407,702)
Proceeds from sale of fixed assets	64,789	36,951
Interest received on deposits	1,929,056	2,272,941
Net cash used in investing activities - continuing operations	<u>(42,765,395)</u>	<u>(104,097,810)</u>
Net cash used in investing activities - discontinuing operations	<u>-</u>	<u>5,777</u>
Net cash used in investing activities	<u>(42,765,395)</u>	<u>(104,092,033)</u>
Cash flow from financing activities		
Interest paid on loans	(1,386,267)	-
Proceeds from unsecured loan	70,000,000	-
Dividends paid (including distribution tax)	(373,329,207)	(369,788,729)
Net cash used in financing activities	<u>(304,715,474)</u>	<u>(369,788,729)</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(9,407)	(1,867,725)
Net (decrease)/ increase in cash and cash equivalents	(102,754,708)	19,130,495
Cash and cash equivalents at the beginning of the year	135,153,329	116,022,834
Cash and cash equivalents at the end of the year*	<u>32,398,621</u>	<u>135,153,329</u>

(*Refer schedule 6)

As per our report attached

For MindTree Wireless Private Limited

For **B S R & Associates**
Firm registration No. 116231 W
Chartered Accountants

Rajesh Arora
Partner
Membership No. 076124

Samartha Nagabhushanam
Managing Director

Rostow Ravanan
Director

Place: Bangalore
Date: April 27, 2010

Parthasarathy N S
Director

Schedules to the balance sheet

	As at March 31, 2010	(Rs.) As at March 31, 2009
1. Share capital		
Authorised capital		
500,000 equity shares of Rs 10 each (previous year 500,000 equity shares of Rs 10 each)	5,000,000	<u>5,000,000</u>
Issued, subscribed and paid-up capital		
412,500 equity shares of Rs 10 each fully paid (previous year: 412,500 equity shares of Rs 10 each) [Of the above, 412,499 (previous year: Nil) equity shares of Rs.10 each are held by MindTree Limited and 1 (previous year: Nil) is held by an individual as a nominee of MindTree Limited. In the previous year, 412,499 equity shares of Rs. 10 each was held by Kyocera Wireless Corp, USA and 1 equity share of Rs 10 was held by Kyocera International Inc., USA]	4,125,000	4,125,000
	<u>4,125,000</u>	<u>4,125,000</u>
2. Reserves and surplus		
Securities premium account	8,724,000	8,724,000
General reserve		
At the commencement of the year	67,598,223	16,398,223
Add: Transfer from profit and loss account	<u>12,639,736</u>	<u>51,200,000</u>
	80,237,959	67,598,223
Hedge reserve (Refer Note 13 of Schedule 14)	3,082,500	-
Balance in profit and loss account	220,418,290	379,513,201
	<u>312,462,749</u>	<u>455,835,424</u>
3. Unsecured loans		
Interest free loan from the holding company (repayable on demand)	70,000,000	-
	<u>70,000,000</u>	<u>-</u>

Schedules to the balance sheet (continued)

Assets	Gross block					Accumulated depreciation			Net block	
	As at April 1, 2009	Additions during the year	Deletions during the year	As at March 31, 2010	As at April 1, 2009	For the year	Deduction during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Computer equipment	114,007,919	2,582,061	2,179,520	114,410,460	89,988,673	19,762,047	2,160,859	107,589,861	6,820,599	24,019,246
Office equipment	10,096,047	-	752,978	9,343,069	6,489,164	1,911,084	739,082	7,661,166	1,681,903	3,606,883
Furniture and fixtures	2,495,616	138,900	318,604	2,315,912	1,687,284	478,179	296,532	1,868,931	446,981	808,332
Software	74,820,815	7,495,386	1,719,629	80,596,572	59,607,147	12,972,939	1,719,629	70,860,457	9,736,115	15,213,668
Test equipment	387,661,809	27,259,785	2,306,448	412,615,146	314,141,606	47,018,785	2,306,448	358,853,943	53,761,203	73,520,203
Leasehold improvements	1,907,761	-	-	1,907,761	526,708	638,082	-	1,164,790	742,971	1,381,053
Total	590,989,967	37,476,132	7,277,179	621,188,920	472,440,582	82,781,116	7,222,550	547,999,148	73,189,772	118,549,385
Previous year	494,382,592	109,366,870	12,759,495	590,989,967	413,123,037	71,472,169	12,154,624	472,440,582	118,549,385	

(Rs.)

Schedules to the balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
5. Sundry debtors (Unsecured considered good)		
Debts outstanding for a period exceeding six months	-	1,781,980
Other debts*	153,063,683	243,221,232
	<u>153,063,683</u>	<u>245,003,212</u>
* includes amounts due from the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 (refer Note 16 of Schedule 14)		
- Kyocera Wireless Corp, USA	-	178,587,138
- Kyocera Corporation, Japan	-	66,416,074
- MindTree Limited	<u>286,114</u>	<u>-</u>
6. Cash and bank balances		
Cash on hand	194,888	252,061
Balances with scheduled banks		
Current accounts	10,841,048	108,783,501
Deposit accounts	21,362,685	26,117,767
	<u>32,398,621</u>	<u>135,153,329</u>
7. Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	67,231,347	55,352,655
Unbilled revenue	6,373,541	-
Advance tax and tax deducted at source, net of provision for taxes	15,365,096	517,778
MAT credit entitlement	102,016,683	77,303,846
(Unsecured and considered doubtful)		
Advances recoverable in cash or in kind or for value to be received	25,524,822	12,965,899
	<u>216,511,489</u>	<u>146,140,178</u>
Less: Provision for doubtful advances	25,524,822	12,965,899
	<u>190,986,667</u>	<u>133,174,279</u>
8. Current liabilities		
Unearned revenue	10,963,144	-
Sundry creditors		
- dues to micro and small enterprises (refer Note 11 of Schedule 14)	-	-
- dues to other than micro and small enterprises		
Expenses	4,960,159	29,761,245
Capital goods	-	5,102,171
Other liabilities*	53,477,203	48,902,109
	<u>69,400,506</u>	<u>83,765,525</u>
*includes employee related liabilities	<u>10,952,678</u>	<u>11,402,978</u>
9. Provisions		
Proposed dividend	-	85,881,168
Gratuity (refer Note 15 of Schedule 14)	6,168,047	4,344,587
Compensated absences	8,137,750	9,155,375
Provision for		
tax on dividend	-	14,595,504
corporate tax including foreign tax, net of taxes paid	38,723,489	29,653,368
fringe benefit tax, net of taxes paid	227,032	632,426
	<u>53,256,318</u>	<u>144,262,428</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
10. Other income		
Interest on deposits	1,929,056	2,331,640
[tax deducted at source - Rs 557,041 previous year Rs 867,475]		
Profit from sale of fixed assets, net	10,160	-
Exchange gain, net	-	44,263,891
Miscellaneous income	425,669	1,402,677
	<u>2,364,885</u>	<u>47,998,208</u>
11. Software development expenses		
Salary and allowances	448,205,787	431,483,966
Contribution to provident and other funds	33,515,347	34,638,446
Staff welfare	11,574,940	17,598,703
Travel and conveyance	27,922,578	30,032,659
Communication expenses	23,261	132,840
Sub-contractor charges	21,468,927	17,502,918
Computer consumables	28,212,716	15,211,515
Rent	36,828,361	35,539,741
	<u>607,751,917</u>	<u>582,140,788</u>
12. Administrative and other expenses		
Salary and allowances	35,074,362	33,403,389
Contribution to provident and other funds	1,861,867	1,720,755
Travel and conveyance	838,673	1,090,273
Power and fuel	14,486,068	14,488,466
Rent	4,237,623	4,089,833
Lease rentals/charges	2,014,536	1,158,135
Telephone charges	3,419,979	6,442,584
Printing and stationery	641,364	1,148,868
Office maintenance	3,343,890	5,245,809
Exchange loss, net	29,819,790	-
Staff training expenses	3,962,959	4,649,288
Bank charges	174,647	476,461
Insurance	1,246,114	1,004,386
Rates and taxes	1,331,453	433,477
Auditor's remuneration	1,398,163	1,343,600
Repairs and maintenance		
- Plant and machinery	21,367,845	24,055,703
Legal and professional expenses	15,300,232	13,931,186
Provision for bad and doubtful advances	12,558,923	13,131,651
Bad debts written off	14,142	76,112
Miscellaneous expenses	6,405,378	7,863,031
	<u>159,498,008</u>	<u>135,753,007</u>
13. Interest		
Interest on short term loan	1,386,267	-
	<u>1,386,267</u>	<u>-</u>

Schedule 14 - Significant accounting policies and notes to the accounts**1. Background**

MindTree Wireless Private Limited [formerly Kyocera Wireless (India) Private Limited], (the Company) was incorporated on 23 June 2003 under the Indian Companies Act 1956 as a wholly owned subsidiary of Kyocera Wireless Corp, USA. During the year, MindTree Limited acquired 100% equity shares of the Company from the shareholders of the Company by signing a Share purchase agreement. Accordingly, with effect from 1 October 2009, the Company became a wholly owned subsidiary of MindTree Limited. The Company is primarily engaged in the business of developing and providing software system and software application services, for application implementation, integration, management and various upgrade services, for all types of telecommunications equipment including handsets, OEM, reference designs/ platform designs, and other things related thereto. The registered office of the Company is situated in Bangalore.

2. Significant accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, as amended, other pronouncements of the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles in India ('IGAAP') requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the year, 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 the current and future periods.

2.3 Fixed assets and depreciation

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.

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.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date and the cost of the fixed assets not ready for its intended use on such date, are disclosed under capital work-in-progress.

Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Act are considered as minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Asset classification	Useful life
Computer equipment (including software)	2-3 years
Office equipment	4 years
Furniture and fixtures	5 years
Test equipment	3 years

Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase / installation. Depreciation on additions and disposals during the year is provided on a pro-rata basis.

Leasehold improvements are amortized over the lease term or useful life, whichever is lower.

2.4 Employee benefits

Gratuity is a defined benefit scheme and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gains and losses are charged to the profit and loss account.

Compensated absences are a long-term employee benefit and is accrued based on an actuarial valuation 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 year in which the employee renders services.

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.5. Revenue recognition

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. Revenues are stated net of discounts and include expenses billed to the customers at a markup.

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

2.6. Foreign exchange transactions

The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. 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.

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 year are recognized in the profit and loss account for the year.

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 recognized in the profit and loss account. 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.

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 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.

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' which is recommendatory with effect from April 1, 2009. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where 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 that relate to a firm commitment or a highly probable forecasted transaction and that do not qualify for hedge accounting have been recorded at fair value at the reporting date and the resultant exchange loss/ (gain) has been debited/ credited to profit and loss account for the year.

2.7 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.

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.

2.8. 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.

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts, deposit accounts and in margin money deposits.

2.9. 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 year 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 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 seven 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.

2.10 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 basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any dilutive potential equity shares during the year.

2.11 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset 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 recognized in the profit and loss account. 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 recognized.

3. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2010 is Rs 137,605,173 (previous year: Rs 1,840,757).
- The Company received an assessment order for the AY 2005-2006 from the Assessing Officer with a demand amounting to Rs.17,064,562 (previous year: Rs 17,064,562) under Section 156 of the Income Tax Act, 1961, upholding the earlier order issued by the Transfer Pricing Department of the Income Tax Department of Rs.15,481,506 and including other tax disallowances. To the extent of the demand in relation to the Transfer Pricing adjustment, amounting to Rs.16,660,610 (previous year: Rs.16,660,610), the Company has issued a bank guarantee in the favor of the tax authorities. Appeal against the demand is pending with the Commissioner of Income Tax (Appeals) and the Competent Authority as appointed under Mutual Agreement Procedure. Pending the outcome of the appeals, the Company has provided Rs. 16,660,610 (previous year: Rs.16,660,610) in the accounts.

With regard to the balance demand of Rs.403,952 (previous year: Rs 403,952), the appeal is pending with the Commissioner of Income Tax (Appeals) and the Company does not expect any future cash outflows.

4. Details of deferred tax

The composition of deferred tax assets included in balance sheet is as follows:

Particulars	(Rs.)	
	As at March 31, 2010	As at March 31, 2009
Deferred tax assets		
Fixed assets	51,074,819	46,726,861
Provision for compensated absences	2,351,118	2,519,625
Provision for gratuity	1,782,041	32,548
Provision for inventory	-	4,612,223
Deferred tax asset	55,207,978	53,891,257

5. Quantitative details

The Company is engaged in the software development services for telecommunication equipment. 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 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

6. Value of imports on CIF basis (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Capital goods	16,370,696	93,461,801
Others	2,505,938	20,457,809
Total	18,876,634	113,919,610

7. Expenditure in foreign currency (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Travel and conveyance	13,606,396	10,072,154
Repairs and maintenance	19,066,090	17,810,302
Computer consumables	16,880,473	628,842
Staff training expenses	3,611,213	138,935
Others	1,948,847	60,819
Total	55,113,019	28,711,052

8. The amounts remitted in foreign currencies on account of dividends are as follows:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Number of shareholders	2	2
Number of shares held	412,500	412,500
Amount remitted (Rs)	319,098,429	236,132,250
Year to which dividend relates	2009-10, 2008-09	2008-09

9. Earnings in foreign currency (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income from software development	1,005,864,323	1,302,285,186
Total	1,005,864,323	1,302,285,186

10. Auditor's remuneration (excluding service tax) (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009*
Audit fees	1,250,000	950,000
Tax audit fee	100,000	200,000
Other services	-	50,000
Out-of-pocket expenses	48,163	-

* paid to the previous auditor

11. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 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 March 31, 2010 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.

Particulars	Year ended March 31 2010	Year ended March 31 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

12. Operating leases

The Company has taken office premises under cancellable and non-cancellable operating leases. Lease rental expense under non-cancelable operating lease during the year amounted to Rs 904,461 (previous year: Rs 756,000). Future minimum lease payments under non-cancelable operating lease as at March 31, 2010 is as below:

Particulars	As at March 31 2010	As at March 31 2009
Payable - not later than one year	9,168,768	252,000
Payable - later than one year but not later than five years	17,726,285	-

Additionally, the Company leases office premises under cancellable operating leases. The rental expense under cancellable operating lease during the year was Rs 40,161,523 (previous year: Rs 38,873,574)

13. Derivatives**Forward and option contracts**

As at 31 March 2010, the Company has outstanding forward contracts amounting to USD 1.8 million (previous year: Nil). These derivative instruments have been entered to hedge highly probable forecasted sales transactions.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain of Rs 3,082,500 (previous year: Rs Nil) has been credited to hedge reserve.

14. Foreign currency exposure

The Company has taken hedging instruments to hedge the foreign currency exposure. Unhedged foreign currency denominated bank balance and sundry debtors as at 31 March 2010 amounted to Rs 10,627,887 (previous year: Rs 106,376,595) and Rs 153,063,683 (previous year: Rs 245,003,212) respectively. The details of cash and bank balances and sundry debtors denominated in foreign currency (US Dollar) as at 31 March 2010 and 31 March 2009 are as follows:

(USD)

Particulars	As at March 31, 2010	As at March 31, 2009
Sundry debtors	3,408,991	4,808,699
Bank and cash balances	237,701	2,087,863

15. Employee benefits

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets (Rs.)

Particulars	As at March 31 2010	As at March 31 2009
Change in projected benefit obligations		
Obligations at year beginning	18,869,839	12,419,469
Service cost	4,325,142	6,754,744
Interest cost	1,339,763	865,152
Actuarial (gain) / loss	(81,476)	(1,049,217)
Benefits paid	(3,474,628)	(120,309)
Obligations at year end	20,978,640	18,869,839
Change in plan assets		
Plan assets at beginning of the year, at fair value	14,525,252	11,101,314
Expected return on plan assets	1,115,035	821,026
Actuarial gain/ (loss)	344,934	1,347,665
Contributions	2,300,000	1,375,556
Benefits settled	(3,474,628)	(120,309)
Plan assets at the end of the year, at fair value	14,810,593	14,525,252

Reconciliation of present value of obligation and fair value of plan assets		
Present value of defined obligations as at the end of the year	20,978,640	18,869,839
Fair value of plan assets at the end of the year	14,810,593	14,525,252
Liability recognised in the balance sheet	6,168,047	4,344,587
Gratuity cost for the year		
Service cost	4,325,142	6,754,744
Interest cost	1,339,763	865,152
Expected return on planned assets	(1,115,035)	(821,026)
Actuarial (gain) / loss	(426,410)	(2,396,882)
Charge not recognised during the year	-	539,543
Net gratuity cost	4,123,460	4,941,531
Assumptions		
Interest rate	7.82%	7%
Discount factor	7.82%	7%
Attrition rate	15%	15%
Salary increase	6%	6%

The discount rate is based on the prevailing market yields of Government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

16. Related parties

Name of related party	Nature of relationship
Up to September 30, 2009 Kyocera Corporation, Japan	Ultimate Holding Company
Kyocera Wireless Corporation, USA	Holding Company
Kyocera International Inc.	Party under common control
With effect from October 1, 2009 MindTree Limited	Holding Company

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

(Rs.)

Name of related party	Nature of transaction	Year ended March 31, 2010	Year ended March 31, 2009
Kyocera Wireless Corp, USA	Income from software development	370,130,656	1,053,892,081
	Reimbursement of expenses	18,869,319	-
	Sale of spares	-	103,312
	Purchase of components and spares	-	374,306
	Purchase of fixed assets	50,550	132,863
Kyocera Corporation, Japan	Income from software development	184,343,292	249,613,780
	Reimbursement of expenses	8,863,333	27,135,314
Kyocera International Inc.	Income from software development	15,646,209	-
	Reimbursement of expenses	821,510	47,343,357
	Computer consumables	15,472,563	-
MindTree Limited	Income from software development	400,763	-
	Sub-contractor charges	791,659	-
	Interest free unsecured loan	70,000,000	-
	Reimbursement of expenses	41,279	-

Balance receivables from related parties: (Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Kyocera Wireless Corp, USA	-	178,587,138
Kyocera Corporation, Japan	-	66,416,074
MindTree Limited	286,114	-

Balance payable to related parties: (Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Kyocera Wireless Corp, USA	-	10,393,088
Kyocera Corporation, Japan	73,054,662	-

*Transactions with the erstwhile parent company and its subsidiary have been disclosed up to the subsistence of related party relationship.

Key managerial personnel:

Samartha Nagabhusanam	Managing Director
Rostow Ravanan	Director (effective October 1, 2009)
Parthasarathy N S	Director (effective October 1, 2009)
Rodney Lanthorne	Non executive Director (up to September 30, 2009)
Takeru Ohira	Non executive Director (up to September 30, 2009)
Hiroki Chida	Non executive Director (up to September 30, 2009)
William Edward	Non executive Director (up to September 30, 2009)
Eric Klein	Non executive Director (up to September 30, 2009)

17. Managerial remuneration (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Salaries and allowances	12,608,640	6,808,744
Contribution to provident funds	359,376	350,376
Total	12,968,016	7,159,120

The above figures do not include provision for leave encashment and gratuity payable to the director, as the same is actuarially determined for the Company as a whole.

18. Segment reporting

The Company's operations in the previous year was predominantly related to providing IT services in two primary business segments viz. research and development and customer support. The customer support segment was discontinued with effect from March 2009. In the current year the Company is predominantly engaged in providing research and development services. The research and development (R&D) segment is in the business of developing and providing software system and software application services, for application implementation, integration, management and various upgrade services, for all types of telecommunication equipment including handsets, OEM, reference designs / platform designs, and other things related thereto. The Company considers the business segment as the primary segment and geographical segment based on the location of the 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 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. (Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Segmental operating income		
Research and development	1,006,265,086	1,282,656,683
Customer care operations	-	20,849,178
	1,006,265,086	1,303,505,861
Operating expenses, net		
Research and development	851,417,308	772,582,784
Customer care operations	-	24,973,728
	851,417,308	797,556,512
Profit for the year before other income	154,847,778	505,949,349
Unallocable other income	2,364,885	47,998,208
Profit before tax	157,212,663	553,947,557
Income taxes	30,815,303	42,905,350
Profit after tax	126,397,360	511,042,207

(Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Segment assets		
Research and development	509,244,573	621,776,758
Customer care operations	-	11,802,584
Unallocable assets	-	54,409,035
	509,244,573	687,988,377
Segment liabilities		
Research and development	192,656,824	86,363,563
Customer care operations	-	10,901,924
Unallocable liabilities	-	130,762,466
	192,656,824	228,027,953

(Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Capital expenditure		
Research and development	39,657,069	106,407,702
Customer care operations	-	-
	39,657,069	106,407,702
Depreciation		
Research and development	82,781,116	69,361,390
Customer care operations	-	2,110,779
	82,781,116	71,472,169

Geographical Segment

(Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
United States of America	560,994,299	1,053,892,081
Japan	444,870,024	249,613,780
India	400,763	-
	1,006,265,086	1,303,505,861

19. Change in the useful lives of fixed assets

The Company has revised the estimated useful lives of fixed assets with effect from April 1, 2009. The table below summarises the earlier and revised estimated useful lives:

Asset description	Earlier life	Revised life
Software	3 years	2 years
Computer equipment	3 years	2 years
Office equipment	5 years	4 years

The computation for the change in the useful lives of fixed assets has been carried out prospectively. Resultantly, depreciation charge and the corresponding accumulated depreciation for the year is higher by Rs 9,029,622 and profit for the year and the net block of fixed assets is lower by Rs 9,029,622.

20. Transfer pricing

The Company has developed a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income

Tax Act, 1961. The Company's Management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Accordingly, the Company's management believes that the transfer pricing legislation will not have any impact on the financial statements for the year ended 31 March 2010, particularly on the amount of tax expense and that of the provision for taxation.

21. Discontinuing operations

During the previous year, the erstwhile holding company Kyocera Wireless Corp, USA approved the closure of the Customer Support division of the Company, as the Company had completed its entire contractual warranty obligation in relation to the handsets sold in India and there was no strategic or financial rationale to remain in the business. As a result the operations in this division ceased with effect from 1 March 2009.

Subsequent to the approval the segment ceased to exist. The realisation of assets and the settlement of liabilities and lease obligations were completed during the current financial year.

The following statement shows the revenue and expenses of continuing and discontinuing operations:

Particulars	Continuing operations		Discontinued operations	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Total revenue	1,008,629,971	1,330,654,891	-	20,849,178
Operating expenses	851,417,308	772,582,784	-	24,973,728
Profit / (loss) before tax	157,212,663	558,072,107	-	(4,124,550)

22. The financial statements for the previous year were audited by a firm other than B S R & Associates. The comparative figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's presentation.

For MindTree Wireless Private Limited

Samartha Nagabhushanam
Managing Director

Rostow Ravanan
Director

Place: Bangalore
Date: April 27, 2010

Parthasarathy N.S
Director

Balance Sheet Abstract And Company's General Business Profile**1 Registration Details**

Registration No:	032143
State Code	08
Balance Sheet Date:	March 31, 2010

2 Capital raised during the year (Amount in Rs. Thousands)**Rs.**

Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private Placement	Nil

3 Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	386,588
Total Assets	386,588

Sources of Funds

Paid up Capital	4,125
Reserves and Surplus	312,463
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	77,588
Investments	Nil
Net Current Assets	253,792
Misc Expenditure	Nil
Accumulated losses	Nil

4 Performance of Company**Rs.**

Turn Over (includes other income)	1,008,630
Total Expenditure	851,417
Profit/(Loss) before Tax	157,213
Profit/(Loss) after Tax	126,397
Earnings per Share in Rs.	306
Dividend Rate (%)	5,654

5 Generic Names of three principal products /services of Company(as per monetary terms)

Item Code No. (ITC Code No.)	8,524
Product Description	Development of software

For MindTree Wireless Private Limited

Samartha Nagabhushanam
Managing DirectorRostow Ravanan
DirectorParthasarathy N S
Director





SUBSIDIARY FINANCIALS

AZTEC SOFTWARE, INC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**



Directors' Report

Your directors have pleasure in presenting their report on the business and operations of your Company for the financial year ended March 31, 2010.

The financial performances of the Company are as follows:

Particulars	Rs.	
	Year ended 31.03.2010	Year ended 31.03.2009
Income		
Income from software development and services	105,947,784	497,490,537
Expenditure		
Software development expenses	23,991,289	459,775,989
Administrative and other expenses	93,535,667	2,471,581
Operating profit/(loss) before interest, depreciation and tax	(11,579,172)	35,242,968
Depreciation	771,029	294,149
Operating profit/(loss) before tax	(12,350,201)	34,948,819
Other income	836	53,176,085
Profit/(loss) before tax	(12,349,365)	88,124,904
Current tax	-	14,161,800
Deferred tax	-	612,420
Net profit/(loss) after tax	(12,349,365)	73,350,684
Balance in profit and loss account brought forward	103,340,312	29,989,629
Balance in profit and loss account carried forward	90,990,947	103,340,313

Business Performance

The global economy went through an unprecedented crisis and many industries including the IT industry were affected by it directly and this has severely affected both revenues and profits of many of the industry players. The IT industry had also been affected by this crisis.

Dissolution

During the year, MindTree Ltd applied for the dissolution of Aztec Software Inc to the US regulatory authorities with effective date as 31 July 2009 and all the assets and liabilities of the subsidiaries as on this date were transferred to MindTree Limited.

Dividend

No dividend is recommended to be paid for the financial year under review.

Directors

There were no changes in the Board of Directors during the year under review.

Litigation

No material litigation is outstanding as on March 31, 2010.

Deposits

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company has not accepted any fixed deposits during the year under review.

Auditors

There were no changes in the Statutory Auditors during the year under review.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to this report. The Department of Company

Affairs, has amended the Companies (Particulars of employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being directors or their relatives, drawing more than Rs. 2.40 million per financial year or Rs. 200,000 per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

Conservation of energy, technology absorption, foreign exchange earnings and outflow:

The Particulars as prescribed under section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 are not applicable.

Directors' responsibility statement

Directors' responsibility statement pursuant to Section 217(2AA) of The Companies (Amendment) Act, 2000 is given below;

- I. The financial statements have been prepared in conformity with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis had been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- II. The board of directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- III. The board of directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. The board of directors have prepared the annual accounts on a going concern basis.
- V. The financial statements have been audited by M/s E S G Gupta & Co, Chartered Accountants, the statutory auditors.

Acknowledgements

The Board of Directors thank the company's customers, shareholders, investors, vendors, and bankers for their support to the Company during the year. Your directors appreciate and value the contribution made by MindTree Minds at all levels for their contribution to the Company.

For and on behalf of the Board of Directors

Rostow Ravanan
Director

Place: Bangalore
Date: April 28, 2010

Ashok Krishnamoorthy
Director

Auditors' report to the members of Aztec Software, Inc.,

We have audited the attached Balance Sheet of Aztec Software, Inc., as at March 31, 2010, the Profit and Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to the above, we report that:

1. We have obtained all the information and explanation which, to the best our knowledge and belief, were necessary for the purposes of our audit:
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books:
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account:
4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - b) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for **E S G Gupta & Co**
Chartered Accountants
Firm Regn.No.009291S

ES Gopalakrishna Gupta
Proprietor
Membership No. 202663

Bangalore
April 28, 2010

Balance Sheet

	<u>Schedule</u>	<u>As at March 31, 2010</u>	<u>(Rs.) As at March 31, 2009</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	229,069,140	229,069,140
Reserves and surplus	2	51,233,531	63,582,896
		<u>280,302,671</u>	<u>292,652,036</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	-	43,740,254
Accumulated depreciation		-	<u>(42,314,966)</u>
Net block		-	1,425,288
Capital work-in-progress		-	-
		<u>-</u>	<u>1,425,288</u>
Current assets, loans and advances			
Sundry debtors	4	-	311,329,937
Cash and bank balances	5	-	9,993,733
Loans and advances	6	280,302,671	772,437
		<u>280,302,671</u>	<u>322,096,107</u>
Current liabilities and provisions			
Current liabilities	7	-	21,243,045
Provisions	8	-	9,626,315
Net current assets		<u>280,302,671</u>	<u>291,226,748</u>
		<u>280,302,671</u>	<u>292,652,036</u>
Significant accounting policies and notes to the accounts	12		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For E S G Gupta & Co.
Chartered Accountants
Firm Regn.No.009291S

E.S. Gopalakrishna Gupta
Proprietor
Membership No: 202663

Place: Bangalore
Date: April 28, 2010

For Aztec Software, Inc

Ashok Krishnamoorthy
Director

Rostow Ravanan
Director

Profit and Loss Account

	<u>Schedule</u>	For the year ended <u>March 31, 2010</u>	(Rs.) For the year ended <u>March 31, 2009</u>
Income			
Income from software development and services		105,947,784	497,490,537
Expenditure			
Software development expenses	9	23,991,289	459,775,989
Administrative and other expenses	10	93,535,667	2,471,581
		<u>117,526,956</u>	<u>462,247,569</u>
Operating profit/(loss) before interest, depreciation and tax			
Depreciation	3	(11,579,172) 771,029	35,242,968 294,149
Operating profit/(loss) before tax			
Other income	11	(12,350,201) 836	34,948,819 53,176,085
Profit/(loss) before tax			
		<u>(12,349,365)</u>	<u>88,124,904</u>
Current tax		-	14,161,800
Deferred tax		-	612,420
Net profit/(loss) after tax			
		(12,349,365)	73,350,684
Balance in profit and loss account brought forward		103,340,312	29,989,629
Balance in profit and loss account carried forward			
		<u><u>90,990,947</u></u>	<u><u>103,340,313</u></u>

Significant accounting policies and notes to the accounts 12

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

For Aztec Software, Inc

For E S G Gupta & Co.
Chartered Accountants
Firm Regn.No.0092915

E.S. Gopalakrishna Gupta
Proprietor
Membership No: 202663

Ashok Krishnamoorthy
Director

Rostow Ramanan
Director

Place: Bangalore
Date: April 28, 2010

Cash flow statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	(12,349,365)	88,124,903
Depreciation	771,029	294,149
Interest / dividend income	-	(6,004)
Profit on sale of fixed assets	-	(256,750)
Operating profit before working capital changes	(11,578,336)	88,156,299
Increase in sundry debtors	21,013,516	(103,938,458)
Increase in loans and advances	719,619	4,990,532
(Decrease) / increase in current liabilities and provisions	(5,253,293)	326,660
Income taxes and FBT paid	-	(14,774,220)
Net cash provided by operating activities	<u>4,901,506</u>	<u>(25,239,187)</u>
Cash flow from investing activities		
(Purchase)/Sale of fixed assets	-	(363,368)
Proceeds from sale of fixed assets	-	256,750
Interest /dividend received from investments	-	6,004
Net cash used in investing activities	<u>-</u>	<u>(100,615)</u>
Cash flow from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net (decrease)/ increase in cash and cash equivalents	4,901,506	(25,339,802)
Cash and cash equivalents at the beginning of the year	9,993,733	35,333,535
Cash and cash equivalents transferred	14,895,239	9,993,733
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>
As per our report attached		

For Aztec Software, Inc

For **ESG Gupta & Co**
Chartered Accountants
Firm registration No. 009291 S

E.S. Gopalakrishna Gupta
Proprietor
Membership No. 202663

Place:Bangalore
Date: April 28, 2010

Rostow Ravanan
Director

Ashok Krishnamurthy
Director

Schedules to the Balance Sheet

	As at <u>March 31, 2010</u>	(Rs.) As at <u>March 31, 2009</u>
1. Share Capital		
Authorised Capital		
572,000,000 (2009: 572,000,000) Shares of Common Stock	380,380,000	380,380,000
10,000,000 (2009: 10,000,000) Shares of Preferred Stock	6,650,000	6,650,000
Issued, subscribed and paid-up capital		
357,142,851 (2009: 357,142,851)		
Shares of Common Stock @ INR 0.67/- per share fully paid.	229,069,140	229,069,140
	<u>229,069,140</u>	<u>229,069,140</u>
2. Reserves and surplus		
At the commencement of the year	63,582,896	(9,767,787)
Add: profit for the year	(12,349,365)	73,350,684
Balance at the end of the year	<u>51,233,531</u>	<u>63,582,896</u>

Schedule to the Balance Sheet as at March 31, 2010 (continued)

3. Fixed assets (Rs.)

Description	Gross block			Accumulated depreciation			Net block			
	As at April 1, 2009	Additions	Deletions/ Adjustments	Cost As at March 31, 2010	Upto April 1, 2009	For the period	Deletions/ Adjustments	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Software	21,124,629	-	21,124,629	-	21,124,629	21,124,629	-	-	-	--
Computer and accessories	18,788,366	-	18,788,366	-	17,363,078	771,029	18,134,107	-	-	1,425,288
Other equipment	3,139,309	-	3,139,309	-	3,139,309	-	3,139,309	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-
Improvements to leasehold premises	687,950	-	687,950	-	687,950	-	687,950	-	-	-
Total	43,740,253	-	43,740,253	-	42,314,966	771,029	43,085,995	-	-	1,425,288
2009	49,032,365	363,368	5,655,480	43,740,253	46,473,563	1,497,481	5,656,078	42,314,966	1,425,288	2,558,802

Schedules to the Balance Sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
4. Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good *	-	311,329,937
- considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>311,329,937</u>
*Includes amount receivable from Holding Company: Rs.308,904,616		
5. Cash and bank balances		
Bank of America, California, U.S.A	-	4,900,163
Silicon Valley Bank, California, U.S.A	-	3,692,445
Silicon Valley Bank, California, U.S.A	-	1,401,125
	<u>-</u>	<u>9,993,733</u>
6. Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received*	280,302,671	772,437
	<u>280,302,671</u>	<u>772,437</u>
*Includes amount receivable from Holding Company		
	280,302,671	-
7. Current liabilities		
Sundry creditors		
- dues to other than micro and small enterprises		
Expenses	-	-
Capital goods	-	208,879
Other liabilities	-	5,896,344
Due to Group Company	-	15,137,823
	<u>-</u>	<u>21,243,045</u>
8. Provisions		
Leave encashment	-	6,172,710
Provision for taxes	-	3,453,605
	<u>-</u>	<u>9,626,315</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
9. Software development expenses		
Salary and allowances	2,935,050	314,295,235
Staff welfare	67,180	163,652
Travel and conveyance	72,259	1,923,716
Communication expenses	-	106,553
Sub-contractor charges	20,901,653	140,987,934
Computer consumables	15,147	-
Rent	-	2,298,899
	<u>23,991,289</u>	<u>459,775,989</u>
10. Administrative and other expenses		
Salary and allowances	75,981,244	10,270
Travel and conveyance	87,244	59,895
Lease rentals/charges	-	16,451
Telephone charges	-	418,704
Exchange loss, net	17,384,453	-
Bank charges	31,654	98,994
Recruitment expenses	-	151,210
Plant and machinery	-	36,361
Marketing expenses	-	303,060
Legal and professional expenses	-	1,376,637
Miscellaneous expenses	51,072	-
	<u>93,535,667</u>	<u>2,471,581</u>
11. Other income		
Interest on deposits	836	6,004
Profit from sale of fixed assets, net	-	256,750
Exchange gain, net	-	52,913,332
	<u>836</u>	<u>53,176,085</u>

Schedule 12: Notes on accounts**A. Significant accounting policies****Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable. These accounting policies have been consistently applied except for applicable recently issued standards made mandatory by the ICAI effective from the current financial year.

The Company is incorporated in U.S.A and the books of accounts are prepared in USD. However, the accompanying financial statements have been prepared in Indian Rupees. For this purposes, all the transactions are accounted at the exchange rates prevailing on the date the transactions have taken place. All assets and liabilities excepting fixed assets, investments and share capital have been converted at the exchange rate prevailing on the balance sheet date. Consequently, the exchange differences that arise have been recognized as income/expenditure in the profit and loss account.

The Company is a 100% wholly held subsidiary of MindTree Ltd., Bangalore India. ("MindTree India")

Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Revenue recognition

Consulting revenue is derived from onsite services rendered in U.S.A for the customers of the holding company - MindTree Limited. The Company recognizes consulting revenue on cost-plus basis as per the contractual arrangement with the holding company - MindTree Ltd. Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction

Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalized until the assets are ready for use and include financing costs, if any, relating to any borrowing attributable to the acquisition of fixed assets.

Depreciation

Depreciation on fixed assets is provided using the straight-line method based on useful lives of assets as estimated by the management. In respect of fixed assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is put to use. Where any asset is sold, discarded, demolished or destroyed during the year, depreciation has been provided up to the date on which the asset is sold, discarded, demolished or destroyed. The management's estimate of useful lives of various fixed assets is given below:

Asset classification	Useful life
Computer systems (including software)	1-3 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3-5 years
Office equipment	4-5 years
Motor vehicles	4-5 years
Buildings	25-30 years

Foreign currency transactions

Foreign currency transactions are accounted at exchange rates on the date transactions take place. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Exchange differences arising on foreign currency transactions are recognized as income or expense in the year in which they arise.

Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost less provision for diminution, other than temporary to recognize any decline in the value of such investments, in accordance with the Accounting Standard 23 - "Accounting for investment in associates in the consolidated financial statements" issued by ICAI. Current investments are carried at lower of cost and fair market value and provision is made to recognize any decline in the carrying value.

Retirement benefits

Leave encashment is provided on the basis of actuarial valuation.

Taxation

Taxes on income is computed using the tax effect accounting method whereby such taxes are accrued in the same period as the revenue and expense to which they relate.

Current tax liability is measured using the applicable tax rates and tax laws and the necessary provision is made annually.

In accordance with the Statements of Accounting Standards on 'Accounting for Taxes on Income' (AS 22) issued by the ICAI, the Company has provided for deferred taxes.

Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary item. The number of shares of common stock used in computing basic earnings per share is the weighted average number of shares of common stock 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.

B. Notes on accounts

- The Company is incorporated outside India and is engaged in providing onsite services in U.S.A. The provision of these services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.
- During the year, MindTree Ltd applied for the dissolution of Aztec Software Inc to the US regulatory authorities with effective date as 31 July 2009 and all the assets and liabilities of the subsidiaries as on this date were transferred to MindTree Limited.
- Segment Reporting:**
The Board of Directors ("the Board") and the Chief Executive Officer ("CEO") of the Company review the performance of the Company at the enterprise level. The Board and the CEO rely primarily on results at the enterprise level for assessing performance and making decisions about resource allocation and hence the Company has no reportable segments.
- Basic and diluted shares used in computing earnings per share:

Particulars for the year ended March 31	2010 (Rs.)	2009 (Rs.)
Net profit / (Loss) attributable to common stock shareholders - INR	(12,349,365)	73,350,683
Par value of equity shares - INR	0.67	0.67
Outstanding weighted average number of shares - Basic	357,142,851	357,142,851
Add: Dilutive effect of issue of stock options	Nil	Nil
Outstanding weighted average number of shares - Diluted	357,142,851	357,142,851

4. Basic and diluted shares used in computing earnings per share:

5. Related party disclosures:

a. Related party relationships:

Name of the party	Nature of transactions	2010 (Rs.)	2009 (Rs.)
MindTree Limited	Onsite services rendered to the holding company.	91,336,209	405,528,130
	Outstanding balance as at March 31	280,302,670	308,904,616
Aztecsoft Disha Inc, US	Onsite services rendered to the company	14,611,574	79,009,892
	Outstanding balance as at March 31	-	(15,137,823)

6. Costs incurred by the holding company for issue of ESOP's to employees of the company are not material/substantial in nature and requires no separate disclosure.

7. Previous year's figures have been regrouped / restated to confirm to the current year's classification.

For Aztec Software, Inc

Place: Bangalore
Date: April 28, 2010

Rostow Ravanan
Director

Ashok Krishnamoorthy
Director

Balance Sheet Abstract And Company's General Business Profile**1 Registration Details**

Registration No:

State Code

Balance Sheet Date:

March 31, 2010

2 Capital raised during the year (Amount in Rs.)**Rs.**

Public issue

Nil

Right issue

Nil

Bonus issue

Nil

Private Placement

Nil

3 Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities

280,302,671

Total Assets

280,302,671

Sources of Funds

Paid up Capital

229,069,140

Reserves and Surplus

51,233,531

Unsecured Loans

Nil

Application of Funds

Net Fixed Assets

Nil

Investments

Nil

Net Current Assets

280,302,671

Differed Tax Assets

Nil

Misc Expenditure

Nil

Accumulated losses

Nil

4 Performance of Company**Rs.**

Income from Software development

105,947,784

Other Income

836

Total Income

105,948,620

Total Expenditure

118,297,985

Profit Before Tax

(12,349,365)

Profit After Tax

(12,349,365)

Earning per share (basic) (in Rs)

(0.03)

Earning per share (diluted) (in Rs)

(0.03)

Dividend Rate (%)

-

5 Generic Names of principal products /services of Company

Item Code No. (ITC Code No.)

85249009.10

Product Description

Development of software

For Aztec Software, Inc

Bangalore
April 28, 2010Ashok Krishnamoorthy
DirectorRostow Ramanan
Director





SUBSIDIARY FINANCIALS

AZTECSOFT DISHA, INC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**



Directors' Report

Your directors have pleasure in presenting their report on the business and operations of your Company for the financial year ended March 31, 2010.

The financial performances of the Company are as follows:

Particulars	Rs. in 000's	
	Year ended 31.03.2010	Year ended 31.03.2009
Income from software development		
- Overseas	304,051,030	1,087,907,214
- Domestic	-	-
	304,051,030	1,087,907,214
Expenditure		
Software development expenses	206,179,395	898,130,017
Administrative and other expenses	36,471,745	104,534,768
Operating profit before interest, depreciation and tax	61,399,890	85,242,429
Interest	-	-
Depreciation	4,196,710	7,888,253
Operating profit before tax	57,203,180	77,354,176
Other income	9,915	19,438,987
Profit before tax	57,213,095	96,793,163
Current taxes	-	28,886,483
Deferred tax	-	1,335,100
Net profit after tax	57,213,095	66,571,580
Balance in profit and loss account brought forward	83,039,924	16,468,344
Amount available for appropriation	140,253,019	83,039,924
Balance in profit and loss account carried forward	140,253,019	83,039,924

Business Performance

The global economy went through an unprecedented crisis and many industries including the IT industry were affected by it directly and this has severely affected both revenues and profits of many of the Industry players. The IT industry had also been affected by this crisis.

Dissolution

During the year, MindTree Ltd applied for the dissolution of Aztec Software Inc to the US regulatory authorities with effective date as July 31, 2009 and all the assets and liabilities of the subsidiaries as on this date were transferred to MindTree Limited.

Dividend

No dividend is recommended to be paid for the financial year under review

Directors

There were no changes in the Board of Directors during the year under review.

Litigation

No material litigation is outstanding as on March 31, 2010.

Deposits

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company has not accepted any fixed deposits during the year under review.

Auditors

There were no changes in the Statutory Auditors during the year under review.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended, the names and other particulars of employees are

set out in the annexure to this report. The Department of Company Affairs, has amended the Companies (Particulars of employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being directors or their relatives, drawing more than Rs. 2.40 million per financial year or Rs. 200,000 per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

Conservation of energy, technology absorption, foreign exchange earnings and outflow:

The Particulars as prescribed under section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 are not applicable.

Directors' responsibility statement

Directors' responsibility statement pursuant to Section 217(2AA) of The Companies (Amendment) Act, 2000 is given below;

- I. The financial statements have been prepared in conformity with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis had been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- II. The board of directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period
- III. The board of directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- IV. The board of directors have prepared the annual accounts on a going concern basis
- V. The financial statements have been audited by M/s E S G Gupta & Co, Chartered Accountants, the statutory auditors.

Acknowledgements

The Board of Directors thank the company's customers, shareholders, investors, vendors, and bankers for their support to the Company during the year. Your directors appreciate and value the contribution made by MindTree Minds at all levels for their contribution to the Company.

For and on behalf of the Board of Directors

Place: Bangalore
Date: April 28, 2010

Ashok Krishnamurthy
Director

Rostow Ravanan
Director

Auditors' report to the members of Aztecsoft Disha, inc.,

We have audited the attached Balance Sheet of Aztecsoft Disha, inc., as at March 31, 2010 the Profit and Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to the above, we report that:

1. We have obtained all the information and explanation which, to the best our knowledge and belief, were necessary for the purposes of our audit:
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books:
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account:
4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - b) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for **E S G Gupta & Co**
Firm Regn.No.009291S
Chartered Accountants

ES Gopalakrishna Gupta
Proprietor
Membership No. 202663

Bangalore
April 28, 2010

Balance Sheet

	<u>Schedule</u>	As at <u>March 31, 2010</u>	(Rs.) As at <u>March 31, 2009</u>
SOURCES OF FUNDS			
Share capital	1	47,220	47,220
Reserves and surplus	2	170,456,460	113,243,366
		<u>170,503,680</u>	<u>113,290,586</u>
Deferred tax liability		-	2,496,550
		<u>170,503,680</u>	<u>115,787,136</u>
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		-	38,441,332
Accumulated depreciation		-	(24,310,623)
Net block		<u>-</u>	<u>14,130,709</u>
Capital work-in-progress		-	-
		<u>-</u>	<u>14,130,709</u>
Current assets, loans and advances			
Sundry debtors	4	-	195,015,908
Cash and bank balances	5	-	72,163,713
Loans and advances	6	170,503,680	24,249,424
		<u>170,503,680</u>	<u>291,429,045</u>
Current liabilities and provisions			
Current liabilities	7	-	163,292,255
Provisions	8	-	26,480,365
Net current assets		<u>170,503,680</u>	<u>101,656,426</u>
		<u>170,503,680</u>	<u>115,787,136</u>
Significant accounting policies and notes to the accounts	12		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For **E S G Gupta & Co.**
Firm Regn. No. 009291S
Chartered Accountants

E.S. Gopalakrishna Gupta
Proprietor
Membership No: 202663

Place: Bangalore
Date: April 28, 2010

For Aztecsoft Disha, Inc

Ashok Krishnamoorthy
Director

Rostow Ramanan
Director

Profit and Loss Account

	<u>Schedule</u>	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Income			
Income from software development			
- Overseas		304,051,030	1,087,907,214
- Domestic		-	-
		<u>304,051,030</u>	<u>1,087,907,214</u>
Expenditure			
Software development expenses	9	206,179,395	898,130,017
Administrative and other expenses	10	36,471,745	104,534,768
		<u>242,651,140</u>	<u>1,002,664,785</u>
Operating profit before interest, depreciation and tax		61,399,890	85,242,429
Interest		-	-
Depreciation	3	4,196,710	7,888,253
Operating profit before tax		57,203,180	77,354,176
Other income	11	9,915	19,438,987
Profit before tax		57,213,095	96,793,163
Current taxes		-	28,886,483
Deferred tax		-	1,335,100
Net profit after tax		57,213,095	66,571,580
Balance in profit and loss account brought forward		83,039,924	16,468,344
Amount available for appropriation		140,253,019	83,039,924
Balance in profit and loss account carried forward		140,253,019	83,039,924
Significant accounting policies and notes to the accounts	12		

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

For Aztecsoft Disha, Inc

For **E S G Gupta & Co.**
Firm Regn. No. 009291S
Chartered Accountants

E.S. Gopalakrishna Gupta
Proprietor
Membership No: 202663

Ashok Krishnamoorthy
Director

Rostow Ravanan
Director

Place: Bangalore
Date: April 28, 2010

Cash flow statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	57,213,095	77,498,874
Depreciation	4,196,710	7,888,253
Interest / dividend income	(9,915)	(144,699)
Operating profit before working capital changes	61,399,890	85,242,428
Increase in sundry debtors	39,706,287	7,083,494
Increase in loans and advances	16,353,051	(7,221,521)
(Decrease) / increase in current liabilities and provisions	(147,643,348)	(84,413,341)
Income taxes and FBT paid	-	(6,786,141)
Net cash provided by operating activities	<u>(30,184,120)</u>	<u>(6,095,081)</u>
Cash flow from investing activities		
(Purchase)/Sale of fixed assets	(708,243)	(3,627,261)
Interest /dividend received from investments	9,915	144,698
Net cash used in investing activities	<u>(698,328)</u>	<u>(3,482,563)</u>
Cash flow from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	19,536,430
Net (decrease)/ increase in cash and cash equivalents	(30,882,448)	9,958,786
Cash and cash equivalents at the beginning of the year	72,163,713	62,204,927
Cash and cash equivalents transferred	41,281,265	72,163,713
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

As per our report attached

For Aztecsoft Disha, Inc

For **E S G Gupta & Co.**
Firm Regn. No. 009291S
Chartered Accountants

E.S. Gopalakrishna Gupta
Proprietor
Membership No: 202663

Ashok Krishnamoorthy
Director

Rostow Ramanan
Director

Place: Bangalore
Date: April 28, 2010

Schedules to the Balance Sheet

	As at <u>March 31, 2010</u>	(Rs.) As at <u>March 31, 2009</u>
1. Share Capital		
Authorised capital		
Equity shares, \$ 1 par value 1000 (2009: 1000) equity shares fully paid up	47,220	47,220
Issued, subscribed and paid-up capital		
Equity shares, \$ 1 par value 1000 (2009: 1000) equity shares fully paid up	47,220	47,220
	<u>47,220</u>	<u>47,220</u>
2. Reserves and surplus		
Securities premium account		
At the commencement of the year	1,133,280	1,133,280
Additions during the year	-	-
	<u>1,133,280</u>	<u>1,133,280</u>
General reserve		
At the commencement of the year	29,070,161	29,070,161
Add: Transfer from profit and loss account	-	-
	<u>29,070,161</u>	<u>29,070,161</u>
Balance in profit and loss account	140,253,019	83,039,923
	<u>170,456,460</u>	<u>113,243,364</u>

Schedules to the balance sheet (continued)

3. Fixed assets and Depreciation Schedule (Rs.)

Sl. No.	Assets	Gross block		Accumulated on depreciation		Net block				
		Cost as on 1.4.09	Additions during the year	Deletions/ Adjustments	Cost as on 31.3.10	As on 1.4.09	For the year	Deletions/ Adjustments	As at 31.3.10	As at 31.3.09
1	Leasehold Land	-	-	-	-	-	-	-	-	-
2	Computer	28,874,013	656,806	(29,530,819)	-	19,455,784	3,735,465	(23,191,249)	-	9,418,229
	- Hardware	28,874,013	656,806	(29,530,819)	-	19,455,784	3,735,465	(23,191,249)	-	9,418,229
	- Software	-	-	-	-	-	-	-	-	-
	- Radio Link Tower	-	-	-	-	-	-	-	-	-
3	Website	-	-	-	-	-	-	-	-	-
4	Furniture & Fixture	5,331,069	-	(5,331,069)	-	3,303,456	223,286	(3,526,742)	-	2,027,613
5	Office Equipments	-	-	-	-	-	-	-	-	-
6	Vehicle	-	-	-	-	-	-	-	-	-
7	Electrical Installation	-	-	-	-	-	-	-	-	-
8	Leasehold Improvement	4,236,250	-	(4,236,250)	-	1,551,397	237,959	(1,789,356)	-	2,684,853
9	Generator	-	-	-	-	-	-	-	-	-
	TOTAL Rs.	38,441,332	656,806	(39,098,138)	-	24,310,637	4,196,710	(26,717,991)	-	14,130,695
	2009	34,814,071	3,627,261	-	38,441,332	16,422,369	7,888,268	-	24,310,637	18,391,702

Schedules to the balance sheet (continued)

	As at March 31, 2010	(Rs.) As at March 31, 2009
4. Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	-	-
- considered doubtful	-	999,250
Other debts		
- considered good	-	195,015,908
- considered doubtful	-	-
Less: Provision for doubtful debts	-	999,250
	<u>-</u>	<u>195,015,908</u>
5. Cash and bank balances		
Cash on hand	-	42,103
Wells Fargo, Seattle, U.S.A	-	72,121,610
	<u>-</u>	<u>72,163,713</u>
6. Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received*	170,503,680	19,765,620
Unbilled revenue	-	4,483,804
	<u>170,503,680</u>	<u>24,249,424</u>
* Includes amount due from holding company/group companies	170,503,680	15,137,843
7. Current liabilities		
Sundry creditors		
- dues to other than micro and small enterprises		
Expenses	-	2,894,304
Other liabilities	-	40,754,195
Amount due to parent company	-	119,643,756
	<u>-</u>	<u>163,292,255</u>
8. Provisions		
Leave encashment	-	3,644,575
Provision for taxes	-	22,835,790
	<u>-</u>	<u>26,480,365</u>

Schedules to the Profit & Loss Account

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
9. Software development expenses		
Salary and allowances	57,795,462	176,314,840
Contribution to provident and other funds	3,108,495	15,028,521
Staff welfare	113,819	17,381,294
Travel and conveyance	675,062	18,894,852
Communication expenses	-	775,801
Sub-contractor charges	144,428,298	661,568,983
Computer consumables	58,259	-
Rent	-	6,012,713
Project related charges	-	2,153,013
	<u>206,179,395</u>	<u>898,130,017</u>
10. Administrative and other expenses		
Salary and allowances	10,135,455	65,798,101
Travel and conveyance	726,653	4,983,280
Power and fuel	5,914	29,238
Rent	2,641,658	1,068,647
Telephone charges	1,602,405	4,919,253
Printing and stationery	160,138	3,147
Office maintenance	12,154	100,556
Exchange loss, net	7,198,210	-
Staff training expenses	-	511,015
Advertisement	34,236	1,386,734
Bank charges	11,262	36,629
Insurance	190,288	417,645
Rates and taxes	5,559,028	17,972,808
Recruitment expenses	-	616,075
- Plant and machinery	-	426,256
- Others	-	185,475
Marketing expenses	28,817	3,811,206
Legal and professional expenses	1,837,648	1,785,767
Miscellaneous expenses	6,327,879	482,936
	<u>36,471,745</u>	<u>104,534,768</u>
11. Other income		
Interest on deposits	9,915	144,699
Exchange gain, net	-	19,294,288
	<u>9,915</u>	<u>19,438,987</u>

Schedule 12: Notes on Accounts:**A. Significant Accounting Policies:****Basis of Preparation of Financial Statements:**

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956 to the extent applicable.

The company is incorporated in USA and the books of accounts are prepared in USD. However, the accompanying financial statements have been prepared in Indian Rupees. For this purpose, all the transactions are accounted at the average exchange rate for the month when the transactions have taken place. All the assets and liabilities excepting Fixed Assets, Investments, Share premium and Share Capital have been converted at the exchange rate prevailing on the balance sheet date. Consequently, the exchange differences that arise have been recognized as income / expenditure in the profit and loss account.

Uses of Estimates:

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities; revenue and expense and disclosure of contingent liabilities, if any, for the period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Revenue Recognition:

Revenue from software services on time and material basis is recognized based on the services provided and billed to clients as per the terms of specific contracts. In case of fixed price contracts, revenue is recognized based on the **milestone/s** achieved as agreed upon in the contract on proportionate completion basis. Revenue from the sale of software products is recognized when the sale is completed with the passing of the ownership.

Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalized until the assets are ready for use.

Depreciation and Amortization:

Depreciation on fixed assets is provided using the straight-line method based on useful lives of assets as estimated by the management. In respect of fixed assets purchased during the year, depreciation is provided on pro rata basis from the date on which such asset is put to use. Where any asset is sold, discarded, demolished or destroyed during the year, depreciation is provided up to the date on which the asset is sold, discarded, demolished or destroyed. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase. The management's estimate of useful lives of various fixed assets is given below:

Asset classification	Useful life
Computer systems (including software)	1-3 years
Test equipment	3 years
Furniture and fixtures	5 years
Electrical installations	3-5 years
Office equipment	4-5 years
Motor vehicles	4-5 years
Buildings	25-30 years

In case of assets, which have suffered a permanent diminution on value due to technological / physical obsolescence, additional depreciation to the extent of diminution in value is provided.

Foreign Currency Transactions and Translations:

Foreign currency transactions are accounted at average exchange rates for the month when the transactions have taken place. Current assets and current liabilities denominated in foreign currency are translated at exchange rate prevalent at the date of the balance sheet. Exchange differences arising on foreign currency transactions are recognized as income or expense in the year in which they arise.

Investments:

Investments are classified into long-term investments and current investments. Long-term investments are valued at cost less provision for diminution, other than temporary to recognize any decline in the value of such investments. Current investments are carried at lower of cost and fair market value.

Retirement Benefits:

a. **Gratuity:** No provision has been made since no gratuity is applicable.

Leave Encashment: The Company follows accumulating unavailed or earned leaves and measures the expected cost of accumulated leaves for the unused entitlement that has accumulated at the balance sheet date. Since the leave encashment in the company is not a post employment benefit, it does not form part of defined benefit or contribution plans and hence no actuarial assumptions are involved. The Company makes provision for actual leave encashment payable at the year end.

Earning Per Share:

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

Taxation:

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the highest bracket of 39%.

Deferred tax has been provided as per the tax rates applicable in US as per rules prevailing in US and as certified by CPA.

Contingencies:

Loss contingencies arising from claims, litigations, assessments, fines, penalties etc. are recovered when it is probable that a liability has incurred and the amount can be reasonably estimated.

Leases:

Lease rentals are charged to Profit & loss account on accrual basis.

Impairment of Asset

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. The impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above

During the year under consideration, there was no indication, either internal or external as to the impairment of any of the assets.

B. Notes on Accounts:

1. During the year, MindTree applied for the dissolution of the Aztecsoft Disha Inc to the US regulatory authorities with effective date as 31 July 2009 and all the assets and liabilities of the subsidiary as on this date were transferred to MindTree Limited.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. Nil. (2009:Nil)
3. Since all the transactions are in functional currency USD, as such there is no hedging undertaken.
4. Claims against the Company not acknowledged as debts amounts to Rs. Nil (2009: Nil)
5. Auditor's Remuneration:

Particulars for the year ended March 31	2010 (Rs.)	2009 (Rs.)
Statutory Audit Fees	22,500	22,500

6. The Company is engaged in the business of Software Testing and Related Software Development. The production and sale of such software cannot be expressed in generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

7. Segment Reporting:

The Board of Directors ("the Board") and the Chief Executive Officer (CEO) of the Company review the performance of the Company at the enterprise level. The Board and the CEO rely primarily on results at the enterprise level for assessing performance and making decisions about resource allocation and hence the Company has no reportable segments.

8. Provision for taxation:

The Company has provided for taxation as per rules prevailing in US.

9. Related Party Disclosure:

- a. Related Party Relationships:

Name of the Party	Nature of Relationship
MindTree Limited	Holding Company
Aztec Software Inc	Associate

- b. Related Party transactions and balances:

Name of the Party	Nature of Transaction	2010 (in Rs.)	2009 (in Rs.)
MindTree Limited	Subcontract charges	112,697,273	508,990,698
	Reimbursement Received		899,475
	Reimbursement Paid		11,401,622
	Outstanding Balance as at March 31	170,503,680	119,643,756
Aztec Software Inc	Reimbursement Received		13,433,926
	Reimbursement Paid		11,241,457
	Services Availed / Subcontract Charges	14,611,574	79,009,892
	Outstanding Balance as at March 31	Nil	15,137,823

10. Deferred Taxes:

Disclosure relating to deferred taxes

Particulars as at March 31	2010 (Rs.)	2009 (Rs.)
Deferred tax asset		
Arising on account of timing differences : book loss	NIL	NIL
Deferred tax liability		
Arising on account of timing differences in:		
Depreciation & leave encashment provision	NIL	2,496,550

11. Impairment of Assets:

- i. Amount of impairment losses recognized in the statement of profit and loss during the period and line item(s) of the statement of profit and loss in which those impairment losses are included: Nil
- ii. Amount of reversal of impairment losses recognized in statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are reversed: Nil
- iii. The amount of impairment losses recognized directly against revaluation surplus during the period: Nil
- iv. The amount of reversal of impairment losses recognized directly in revaluation surplus during the period: Nil

12. LEAVE ENCASHMENT

The earned leaves of the employees are provided for as per policy mentioned above. The employees are entitled and expected to utilize or encash the leave during the ensuing year.

13. Previous year's figures have been regrouped/ restated to conform to the current year's classification.

For Aztecsoft Disha, Inc

Rostow Ravanan
Director

Ashok Krishnamoorthy
DirectorPlace:

Bangalore

Date: April 28, 2010

Balance Sheet Abstract And Company's General Business Profile**1 Registration Details**

Registration No:

State Code

Balance Sheet Date:

March 31, 2010

2 Capital raised during the year (Amount in Rs.)**Rs.**

Public issue

Nil

Right issue

Nil

Bonus issue

Nil

Private Placement

Nil

3 Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities

170,503,680

Total Assets

170,503,680

Sources of Funds

Paid up Capital

47,220

Reserves and Surplus

170,456,460

Unsecured Loans

Nil

Application of Funds

Net Fixed Assets

Nil

Investments

Nil

Net Current Assets

170,503,680

Differed Tax Assets

Nil

Misc Expenditure

Nil

Accumulated losses

Nil

4 Performance of Company**Rs.**

Income from Software development

304,051,030

Other Income

9,915

Total Income

304,060,945

Total Expenditure

246,847,850

Profit Before Tax

57,213,095

Profit After Tax

57,213,095

Earning per share (basic) (in Rs)

57,213.10

Earning per share (diluted) (in Rs)

57,213.10

Dividend Rate (%)

-

5 Generic Names of principal products /services of Company

Item Code No. (ITC Code No.)

85249009.1

Product Description

Computer software

For Aztecsoft Disha, Inc

Bangalore
April 28, 2010Ashok Krishnamoorthy
DirectorRostow Ramanan
Director





SUBSIDIARY FINANCIALS

MINDTREE SOFTWARE (SHENZHEN) CO LTD.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**



Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting their first report on the business and operations of your Company for the financial year ended March 31, 2010.

The financial performances of the Company are as follows:

Financial Performance	For the year ended March 31, 2010
Income	
Income from software development	
- Overseas	-
- Domestic	-
Expenditure	
Software development expenses	-
Administrative and other expenses	1,209,936
Operating profit before interest, depreciation and tax	(1,209,936)
Interest	-
Depreciation	-
Operating profit before tax	(1,209,936)
Other income	2,286
Profit before tax	(1,207,650)
Provision for taxation	-
Deferred tax credit	
Net profit after tax	(1,207,650)
Balance in profit and loss account brought forward	-
Balance in profit and loss account carried forward	(1,207,650)

No corresponding year financials are available as this is the first year of operations.

Business Performance:

The global economy went through an unprecedented crisis and many industries including the IT industry were affected by it directly and this has severely affected both revenues and profits of many of the Industry players. The IT industry had also been affected by this crisis.

Incorporation

The business registration number of MindTree Software Shenzhen Co. Ltd is 440301503364011 and the Company was incorporated on 24 November 2009.

Dividend

No dividend is recommended to be paid for the financial year under review.

Directors

There were no changes in the Board of Directors during the year under review.

Litigation

No material litigation is outstanding as on March 31, 2010.

Deposits

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company has not accepted any fixed deposits during the year under review.

Auditors

There were no changes in the Statutory Auditors during the year under review.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to this report. The Department of Company Affairs, has amended the Companies (Particulars of employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being directors or their relatives, drawing more than Rs. 2.40 million per financial year or Rs. 200,000 per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

Conservation of energy, technology absorption, foreign exchange earnings and outflow:

The Particulars as prescribed under section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 are not applicable.

Directors' responsibility statement

Directors' responsibility statement pursuant to Section 217(2AA) of The Companies (Amendment) Act, 2008 is given below;

- I. The financial statements have been prepared in conformity with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis had been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- II. The board of directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- III. The board of directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. The board of directors have prepared the annual accounts on a going concern basis.
- V. The financial statements have been audited by M/s E S G Gupta & Co, Chartered Accountants, the statutory auditors.

Acknowledgements

The Board of Directors thank the company's customers, shareholders, investors, vendors, and bankers for their support to the Company during the year. Your directors appreciate and value the contribution made by MindTree Minds at all levels for their contribution to the Company.

For and on behalf of the Board of Directors

Bangalore
April 28, 2010

Krishnakumar Natarajan
Chairman

Rostow Ramanan
Director

Auditors' report to the members of MindTree Software (Shenzhen) Co Ltd.,

We have audited the attached Balance Sheet of MindTree Software (Shenzhen) Co Ltd., as at March 31, 2010 the Profit and Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to the above, we report that:

1. We have obtained all the information and explanation which, to the best our knowledge and belief, were necessary for the purposes of our audit:
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books:
3. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account:
4. In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - b) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - c) In the case of cash flow statement, of the cash flows of the company for the year ended on that date.

for **E S G Gupta & Co**
Chartered Accountants
Firm Regn.No.009291S

ES Gopalakrishna Gupta
Proprietor
Membership No. 202663

Bangalore
April 28, 2010

Balance Sheet

	<u>Schedule</u>	<u>As at March 31, 2010</u>	<u>(Rs.) As at March 31, 2009</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	23,045,000	-
Reserves and surplus		-	-
		<u>23,045,000</u>	<u>-</u>
Loan funds			
Secured loans		-	-
Unsecured loans		-	-
		<u>23,045,000</u>	<u>-</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block		-	-
Accumulated depreciation		-	-
Net block		-	-
Capital work-in-progress		-	-
		<u>-</u>	<u>-</u>
Investments			
Current assets, loans and advances		-	-
Sundry debtors		-	-
Cash and bank balances	2	22,367,952	-
Loans and advances		-	-
		<u>22,367,952</u>	<u>-</u>
Current liabilities and provisions			
Current liabilities	3	530,602	-
Provisions		-	-
Net current assets		<u>21,837,350</u>	<u>-</u>
Profit and loss account		1,207,650	-
		<u>23,045,000</u>	<u>-</u>
Significant accounting policies and notes to the accounts	6		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached

For MindTree Software (Shenzhen) Co Ltd.

For **E S G Gupta & Co.**
Chartered Accountants
Firm Regn.No.009291S

E.S. Gopalakrishna Gupta
Proprietor
Membership No. 202663

Krishnakumar Natarajan
Chairman

Rostow Ravanan
Director

Place: Bangalore
Date: April 28, 2010

Profit and Loss Account

	<u>Schedule</u>	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Income			
Income from software development			
- Overseas		-	-
- Domestic		-	-
		<u>-</u>	<u>-</u>
Expenditure			
Software development expenses		-	-
Administrative and other expenses	4	1,209,936	-
		<u>1,209,936</u>	<u>-</u>
Operating profit before interest, depreciation and tax		(1,209,936)	-
Interest		-	-
Depreciation		-	-
Operating profit before tax		<u>(1,209,936)</u>	<u>-</u>
Other income	5	2,286	-
Profit before tax		<u>(1,207,650)</u>	<u>-</u>
Provision for taxation		-	-
Deferred tax credit		-	-
Net profit after tax		<u>(1,207,650)</u>	<u>-</u>
Balance in profit and loss account brought forward		-	-
Balance in profit and loss account carried forward		<u>(1,207,650)</u>	<u>-</u>

Significant accounting policies and notes to the accounts 6

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

For E S G Gupta & Co.
Chartered Accountants
Firm Regn.No.0092915

For MindTree Software (Shenzhen) Co Ltd.

E.S. Gopalakrishna Gupta
Proprietor
Membership No. 202663

Krishnakumar Natarajan
Chairman

Rostow Ramanan
Director

Place: Bangalore
Date: April 28, 2010

Cash Flow Statement

	For the year ended March 31, 2010	(Rs.) For the year ended March 31, 2009
Cash flow from operating activities		
Profit before tax	(1,207,650)	-
(Decrease) / increase in current liabilities and provisions	530,602	-
Net cash provided by operating activities	<u>(677,048)</u>	<u>-</u>
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Issue of share capital (net of issue expenses paid)	23,045,000	-
Net cash provided by financing activities	<u>23,045,000</u>	<u>-</u>
Net (decrease)/ increase in cash and cash equivalents	<u>22,367,952</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	<u>22,367,952</u>	<u>-</u>

As per our report attached

For E S G Gupta & Co.
Chartered Accountants
Firm Regn.No.0092915

For MindTree Software (Shenzhen) Co Ltd.

E.S. Gopalakrishna Gupta
Proprietor
Membership No. 202663

Krishnakumar Natarajan
Chairman

Rostow Ravanan
Director

Place: Bangalore
Date: April 28, 2010

Schedules to the Balance Sheet

	As at March 31, 2010	(Rs.) As at March 31, 2009
1. Share Capital		
Issued, subscribed and paid-up capital	23,045,000	-
	<u>23,045,000</u>	<u>-</u>
2. Cash and bank balances		
SCB Capital bank account (USD)	20,206,662	-
SCB Basic bank account (RMB)	2,161,290	-
	<u>22,367,952</u>	<u>-</u>
3. Current liabilities		
Amount due to holding company	229,208	-
Other liabilities	301,394	-
	<u>530,602</u>	<u>-</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2010	For the year ended March 31, 2009
4. Administrative and other expenses		
Rent	275,049	-
Legal and professional expenses	335,102	-
Bank charges	16	-
Exchange loss, net	599,769	-
	<u>1,209,936</u>	<u>-</u>
5. Other income		
Miscellaneous income	2,286	-
	<u>2,286</u>	<u>-</u>

Schedule 6: Significant accounting policies and notes on accounts**A. Significant accounting policies****Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable. These accounting policies have been consistently applied except for applicable recently issued standards made mandatory by the ICAI effective from the current financial year.

The Company is incorporated in People's Republic of China approved by Shenzhen bureau of trade and industry after obtaining the certificate of approval for establishment of enterprises with foreign investment in the People's Republic of China. The books of accounts are prepared in RMB. However, the accompanying financial statements have been prepared in Indian Rupees. For this purposes, all the transactions are accounted at the exchange rates prevailing on the date the transactions have taken place. Consequently, the exchange differences that arise have been recognized as income/expenditure in the profit and loss account.

The Company is a 100% wholly held subsidiary of MindTree Ltd., Bangalore India. ("MindTree India")

2. Related party disclosures:**a. Related party relationships:**

Name of the party	Nature of transactions	2010 (Rs.)	2009(Rs.)
MindTree Limited	Expenses incurred on behalf of MSSL	229,208	-
	Outstanding balance as at March 31	229,208	-

For MindTree Software (Shenzhen) Co Ltd.

Bangalore
April 28, 2010

Krishnakumar Natarajan
Chairman

Rostow Ravanan
Director

Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

B. Notes to accounts**1. Segment Reporting:**

The Board of Directors ("the Board") and the Chief Executive Officer ("CEO") of the Company review the performance of the Company at the enterprise level. The Board and the CEO rely primarily on results at the enterprise level for assessing performance and making decisions about resource allocation and hence the Company has no reportable segments.

Balance Sheet Abstract And Company's General Business Profile**1 Registration Details**

Registration No:

State Code

Balance Sheet Date:

March 31, 2010

2 Capital raised during the year (Amount in Rs.)

	Rs.
Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private Placement	Nil
Capital infusion by holding company MindTree Limited	23,045,000

3 Position of mobilisation and deployment of funds (Amount in Rs.)

Total Liabilities	23,045,000
Total Assets	23,045,000

Sources of Funds

Paid up Capital	23,045,000
Reserves and Surplus	Nil
Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	Nil
Investments	Nil
Net Current Assets	21,837,350
Differed Tax Assets	Nil
Misc Expenditure	Nil
Accumulated losses	1,207,650

4 Performance of Company

	Rs.
Income from Software development	-
Other Income	2,286
Total Income	2,286
Total Expenditure	1,209,936
Profit Before Tax	(1,207,650)
Profit After Tax	(1,207,650)

5 Generic Names of principal products /services of Company

Item Code No. (ITC Code No.)	85249009.10
Product Description	Computer software

For MindTree Software (Shenzhen) Co Ltd.

Bangalore
April 28, 2010Krishnakumar Natarajan
ChairmanRostow Ravanan
Director



Notice of the Eleventh Annual General Meeting

NOTICE is hereby given that the eleventh annual general meeting of the members of MindTree Limited will be held on Tuesday, July 20, 2010 at 10.00 a.m. at 'The Krishna Hall', Woodlands Hotel Pvt Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025, India, to transact the following business as:

Ordinary business:

1. To receive, consider, approve, and adopt the audited balance sheet as at March 31, 2010 and the audited profit & loss account for the year ended on that date together with the reports of auditors and directors thereon.
2. To confirm the payment of interim dividend of 10% for the year 2009-10 and to declare an additional final dividend of 20% for the financial year ended March 31, 2010 on equity shares.
3. To appoint a director in place of Dr. Albert Heironimus who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Siddhartha V.G. who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Srinivasan R. who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

6. Appointment of Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT the desire not to accept office beyond the current term by the Current Statutory Auditors of the Company M/s B S R & Associates, Chartered Accountants, Bangalore, be and is hereby taken note of and approved by the Members of the Company.

RESOLVED FURTHER THAT pursuant to section 224(6)(a) and other applicable provisions of the Companies Act, 1956, if any, M/s B S R & Co, Chartered Accountants, Bangalore, be and are hereby appointed as the Statutory Auditors of the Company, to hold office till the conclusion of the twelfth annual general meeting.

RESOLVED FURTHER THAT the board of directors(Including a committee thereof) of the Company, be and are hereby, authorised to negotiate the terms of appointment and remuneration with M/s B S R & Co, Chartered Accountants, Bangalore, and do all such acts, matters and things and execute all such deeds, letters and other writings and file all such forms and documents with the Registrar of Companies and other government, non-government authorities as may be necessary in this regard.”

7. Approval of creation of “MindTree Limited - Stock Option Plan 2010 A” - (Program 7) and further issue of equity shares thereunder:

To consider and, if thought fit, to pass, the following resolutions, as SPECIAL RESOLUTION:

“**RESOLVED THAT** in accordance with the provisions contained in the Memorandum and Articles of Association and Sections 79A, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the “Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the “SEBI” Guidelines) (including any statutory modification(s) or re-enactment of the Act or SEBI Guidelines, for the time being in force) and all other regulations / guidelines prescribed by any other relevant authority, from time to time to the extent applicable, and subject to such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any committee including ESOP/ Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent and approval of the members be and is hereby granted to create and offer further additional 11,35,000 equity shares of Rs. 10/- each and that, the Board be and are hereby authorized on behalf of the Company to create, offer, allocate, issue and allot for cash, at such price, in one or more modes or combinations thereof and in one or more tranches and in such manner as may be determined by the Board and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time as referred in this resolution/explanatory statement and terms and conditions set out in the “MindTree Limited - Stock Option Plan 2010A” (Program 7).

RESOLVED FURTHER THAT consent and approval of the shareholders be and is hereby granted to approve adopt the “MindTree Limited Stock Option Plan 2010A” (Program 7) as adopted by the Board and the Board shall have full powers for implementing the same immediately.

RESOLVED FURTHER THAT all actions taken by the Board in connection with the above resolutions and all incidental and ancillary things done are hereby specifically approved and ratified.

RESOLVED FURTHER THAT for the purpose of giving effect to the above creation of new Plan, issue, allocate and allot, or listing of securities, price, manner, period of the above referred equity shares, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such transfer, issue or offer, allocation, allotment and utilization of the proceeds (including power to amend or modify any of the terms of such issue or allotment) without being required to seek any further consent or approval of the shareholders, as it may, in its discretion, deem fit and further to execute all documents and writings as may be necessary, proper, desirable or expedient and to give such directions and or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and

conditions and all things incidental and ancillary thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, allocation, issue, allotment or listing of securities, price, manner, period and such other terms and conditions and at such time or times as the Board in its absolute discretion and in the best interest of the Company deem fit the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Plan and make any modifications, changes, variations, alterations, or revisions in the said Plan from time to time or to suspend, withdraw or revise the Plan from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders.

By order of the Board of Directors

For MindTree Limited

Place: Bangalore
Date: April 28, 2010

Rajesh S. Narang
Head Legal & Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Members/proxies are requested to affix their signature at the space provided for in the attendance slip and handover the same at the entrance of the meeting hall.
3. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of special business is annexed hereto.
4. The register of members and share transfer books will remain closed from July 16, 2010 to July 20, 2010 (both days inclusive).
5. All documents as mentioned in the resolutions and or explanatory statements are available for inspection at the registered office of the Company by the members from 10 a.m. to 12 noon on any working day and will be made available at the venue of the eleventh annual general meeting.
6. The certificate from statutory auditors of the Company certifying that the Company's stock option plans are being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is available for inspection by the members at the venue of the eleventh annual general meeting and at the registered office of the Company.
7. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956, at the venue of the eleventh annual general meeting and at the registered office of the Company.
8. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the company secretary, at least seven days before the date of the eleventh annual general meeting.
9. The Company will use addresses and bank account details as furnished by the depositories for updating its records of the shareholders holding shares in electronic form. Members are requested to notify any change in their addresses and or bank account to the depository participant only and not to the Company for effecting such changes.
10. Members who have not encashed their dividend warrants are requested to forward the same to the Company or the share transfer agent for revalidation. Members are requested to note that dividends not encashed within seven years from the date of transfer to the Company's unpaid dividend account will as per Section 205A of the Act, be transferred to the IEPF.
11. Members are requested to address all their correspondence including those for remat/demat, nomination requests, share transfers, change of address/ mandates for physical holdings etc. to the share transfer agents - Link Intime India Pvt. Ltd , C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandhup (W) Mumbai 400 078, India, Tel: +91 22 2596 3838, FAX +91 22 2594 6969 www.linkintime.co.in or to the Company at the addresses as detailed under the corporate governance section.

Information pursuant to clause 49 of the listing agreement regarding appointment of a new director or re-appointment of directors.



Dr. Albert Hieronimus
Independent Director
Chairman - Investor Grievances Committee
Member - Audit Committee
Strategic Initiatives Committee

Dr. Albert Hieronimus has been the Chairman of the Executive Board at Bosch Rexroth AG since February 2008. The PhD mathematician has nearly 30 years of industry experience at Mannesmann and Bosch Group companies. Throughout this time, he has assumed various leadership positions; his scope of knowledge and experience ranges from sales, finances and planning to management accounting, human resources, development and information processing.

After his time as a science assistant at the University of Cologne, Hieronimus transferred in 1979 to the former Mannesmann AG. Between his work there and at Mannesmann Demag AG, he acted for 14 years in various positions with growing responsibility, lastly as the Managing Director of the subsidiary company Mannesmann Demag Baumaschinen GmbH.

In July 1993, Hieronimus became the Commercial Director of Mannesmann Rexroth GmbH and in July 1997, the member of the Executive Board responsible for commerce at Mannesmann Rexroth AG. After the merger of the company with the Bosch business unit Automation Technology to form Bosch Rexroth AG in 2001, he was responsible, as a member of the Executive Board, for personnel, information processing and the co-ordination of the integration process.

In 2003, Hieronimus transferred as the Chairman of the Executive Board to the Indian Bosch subsidiary Motor Industries Co. Ltd. (MICO), where he was additionally responsible for the sales, application and development departments. In 2008, the Rheinland-Palatine native returned to Germany, called to the Bosch Rexroth forefront.

Dr. Albert Hieronimus holds 10,000 equity shares of Rs 10/- each as on march 31, 2010.

Directorship & Committee positions(Other than MindTree) of other Companies as per disclosure received is given below:

Sl. No.	Name of the Companies/firms	Nature of Interest
1.	Bosch Limited, Bangalore	Chairman
2.	Bosch Rexroth AG, Stuttgart	Managing Director
3.	Bosch Rexroth Corporation, Hoffman, Estates/USA	Chairman
4.	Bosch Rexroth Beijing/China	Chairman
5.	Bosch Rexroth, Tsuchiura/ Japan	Chairman



V.G. Siddhartha
Non-Executive Director
Member - Audit Committee,
Strategic Initiatives Committee

V.G. Siddhartha holds a Masters degree in Economics from Mangalore University, Karnataka. He started his career in the stock market working with JM Financials in its research division in 1983 to 1984.

He started a proprietary investment business called Sivan Securities doing investments in equity markets. Further, he founded Amalgamated Bean Coffee Trading Company in 1992 and started coffee retail business in 1995 under the brand name of Cafe Coffee Day.

He has been investing in technology companies since 1995 and has invested in more than 15 technology companies, including Ittiam Systems Private Limited and Kshema Technologies Limited, and has also made investments in Tanglin Developments Limited, an operational SEZ. He founded Global Technology Ventures Limited in 2000. He has been involved with establishing a residential school offering vocational training at Chikmagalur. He was selected as the "Entrepreneur of the Year" by the Economic Times for the year 2002-03.

V.G. Siddhartha holds Nil equity shares of Rs 10/- each as on march 31, 2010

Directorship & Committee positions(Other than MindTree) of other Companies as per disclosure received is given below

Sl. No.	Name of the Companies/firms	Nature of Interest*
1.	Amalgamated Bean Coffee Trading Company Limited	Director
2.	Global Technology Ventures Limited	Director
3.	Sivan Securities Private Limited	Director
4.	Sivan Securities (Mangalore) Private Limited	Director
5.	Kesar Marble and Granite Limited	Director
6.	Coffeeday Private Limited	Director
7.	Coffeeday Consolidations Private Limited	Director
8.	Devadarshini Info Technologies Private Limited	Director
9.	Rajagiri and Sankhan Estates Private Limited	Director
10.	Sampigehutty Estates Private Limited	Director
11.	Ittiam Systems Private Limited	Director
12.	Alps Granites Private Limited	Director
13.	Alps Stone Private Limited	Director
14.	Way2Wealth Brokers Private Limited	Director
15.	Chandrapore Estates Private Limited	Director
16.	Coffeeday Hotels & Resorts Private Limited	Director
17.	Tanglin Developments(Mumbai) Private Limited	Director
18.	Coffeeday Resorts (MSM) Private Limited	Director



R. Srinivasan
Independent Director
Member - Audit Committee, Compensation Committee
and Strategic Initiatives Committee

R. Srinivasan holds a Bachelor of Engineering degree in mechanical engineering from the Madras University. He joined Widia India Limited, Bangalore in 1966 as a works engineer and rose to the position of managing director in 1981.

He has been a founding member of the Total Quality Management (TQM) division started by the Confederation of Indian Industry (CII) in 1987. He is involved with the business excellence initiative of the CII.

R. Srinivasan holds 6,730 equity shares of Rs 10/- each as on march 31, 2010

Directorship & Committee positions(Other than MindTree) of other Companies as per disclosure received is given below

Sl. No.	Name of the Companies/firms	Nature of Interest*	Committee Name & Position
A	Public Limited Companies		
1.	Ace Designers Limited	Director	Audit Committee - Chairman
2.	Cholamandalam Ms General Insurance Company Limited	Director	Audit Committee- Chairman
3.	Kirloskar Oil Engines Limited	Director	Audit Committee- Member
4.	Murugappa Morgan Thermal Ceramics Ltd	Director	N/a
5.	Nettur Technical Training Foundation (guarantee Co. U/sec.25)	Director	N/a
6.	Nttf Industries Limited	Director	N/a
7.	TTK Healthcare Limited	Director	N/a
8.	TTK Prestige Limited	Director	Audit Committee- Member
9.	Tube Investments Of India Limited	Director	Audit Committee- Member
10.	Sundram Fasteners Ltd	Director	Audit Committee- Chairman
11.	Yuken India Ltd	Director	Audit Committee- Member Share Transfer Committee -Chairman
B	Private Limited Companies		
1.	Dakshin Foundry Private Limited	Director	N/a
2.	Ras Transformation Technologies Private Limited	Managing Director	N/a
3.	Taegutec India Private Limited	Director	N/a
4.	Edutech Nttf India Pvt. Ltd. Bangalore	Director	N/a
5.	NTTF Industries Limited	Director	N/a
6.	Bangalore International Exhibition Services Pvt. Ltd.	Director	N/a
7.	International Exhibitions Pvt. Ltd.	Director	N/a

Explanatory statements pursuant to section

173(2) of the Companies Act, 1956

The following explanatory statements set out all material facts relating to the special business mentioned in the notice and forms part of the notice of the fourteenth annual general meeting.

Explanatory Statement as per Section 173 is annexed to the notice.

Item No 6

It is hereby informed that M/s B S R & Associates, Chartered Accountants Bangalore, the current statutory auditors, are not willing to continue their appointment as statutory auditors beyond the current term. In this regard, the board and audit committee has noted the same .

The board & audit committee has identified B S R & Co, Chartered Accountants, Bangalore as the statutory auditors of the Company for the current year subject to shareholders' approval. In this connection the management has received a consent letter from B S R & Co, Chartered Accountants, confirming that their appointment would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board in their meeting held on April 28,2010 have consented to the appointment of M/s B S R & Co, Chartered Accountants, Bangalore as the Statutory Auditors to hold office till the conclusion of the twelfth annual general meeting with the approval of the members.

The resolution is recommended for the approval of the members.

None of the directors of your Company are interested in the aforesaid resolution.

Item No. 7

The Company had instituted ESOP 1999 (Program 1), ESOP 2001 (Program 2), ESOP 2006 (a) (Program 3), ESOP 2006 (b) (Program 4) DSOP 2006 (Program 5), ESOP 2008 A (Program 6) ("Plans") for grant of options to the employees of the Company and its subsidiaries. It now wants to institute a new plan titled "MindTree Limited Stock Option Plan 2010 A" (Program 7) to further issue offer further additional 11,35,000 equity shares of Rs. 10/- each over above the limits already approved in the respective plans detailed below.

The status of various Plans as on April 19, 2010 is as below

Particulars	Number of shares-ESOP 1999	Number of shares-ESOP 2001	Number of shares-ESOP 2006(a)	Number of shares-ESOP 2006(b)	Number of shares-DSOP	Number of shares-ESOP 2008 A
In-principle approval received from BSE & NSE	196,381	853,675	366,500	7,049,900	500,000	300,000
Less: No. of shares allotted & listed	176,616	603,727	75,369	177,563	22,479	58,738
Balance number of shares	19,765	249,948	291,131	6,872,337	477,521	241,262
Less: No. of shares for which current application made in April 2010	0	2,653	5,080	30,962	4,251	2,572
Balance number of shares	19,765	247,295	286,051	6,841,375	473,270	238,690

In terms of Section 81(1A) of the Companies Act, 1956, issue of further shares to persons other than the existing shareholders require passing of special resolution at the general meeting of the Company. This is an enabling resolution empowering the Board of Directors to allot shares as and when options are exercised and such shares will be issued at prices in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 on the date of grant in the manner set out in the resolution and /or the ESOP 2010 A plan.

Necessary approval under sections 81 and other applicable sections and provisions of the Companies Act, 1956, SEBI Guidelines, (including any statutory modifications or reenactments thereof for the time being in force) and the regulations / guidelines prescribed by any other relevant authority, from time to time to the extent applicable is now being sought from the shareholders.

In terms of clause 6.2 of SEBI Guidelines, your directors give below the required information;

A) FOR GRANTS UNDER THIS PLAN

- The total number of shares on which options can be granted to the employees/director(s) including managing and whole time director(s) of the Company shall not exceed the maximum pool size out of the authorised share capital of the Company.
- The persons eligible to receive option grants are (i) officers and other key employees of MindTree (or its subsidiary corporations) who render services which contribute to the management, growth and financial success of MindTree (or its subsidiary corporations);
- Each option shall become vested at such time or times as set forth in the notice of grant as decided by the compensation committee in the vesting schedule. Although vesting of options will commence after the minimum period (currently twelve months) from the date of grant and may extend up to such period as the compensation committee deems fit from the date of grant, the maximum period shall not extend beyond

the Term of the plan. The vesting may occur in tranches, subject to the terms and conditions of vesting as may be stipulated by the compensation committee in its sole discretion.

- d) The subscription price being exercise price for shares under each option shall be the price set forth in the notice of grant which shall not be less than the par value of the equity shares and can be at or below market price or as stated in SEBI guidelines.
- e) The exercise period of options will commence from the date of vesting and shall be exercisable at such time or times and during such period as is determined by the compensation committee and set forth in the notice of grant, but will expire not later than ten (10) years (unless extended) from the date of grant of options or such period as may be decided by the compensation committee from time to time. The options will lapse if not exercised within the exercise period (including the extended period). The options will be exercisable by the employees on a written application to the Company to exercise the options in such manner, and on such terms and conditions and on execution of such documents, as decided by the compensation committee from time to time.
- f) The appraisal process for determining the eligibility of the employee will be specified by the board/compensation committee and will be based on criteria such as seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee and or such other criteria as may be determined.
- g) The maximum number of options that can be granted per employee of the Company will be as per the recommendation made by the compensation committee from time to time and other applicable laws in force but in no event shall be more than pool size during the tenure of the Plan.
- h) The Company will adopt the "Intrinsic Value Method" for valuation of the stock options
- i) The Company shall conform to the accounting policies specified in Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for all grants as may be applicable.
- j) In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the directors report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the directors' report.

Copy of the MindTree Limited Stock Option Plan 2010 A" (Program 7) is available for inspection by the members of the Company at its registered office from 10.00 a.m to 12.00 noon on any working day of the Company.

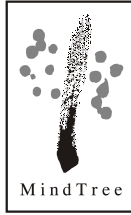
All directors of the Company may be deemed concerned or interested in the resolution to the extent of the stock options, which may have been granted to them, and for all future grants.

Your Directors recommend the passing of the resolutions as specified in item no. 7 of notice convening the eleventh annual general meeting.

By order of the Board of Directors
For MindTree Limited,

Place: Bangalore
Date: April 28, 2010

Rajesh S. Narang
Head Legal & Company Secretary



MindTree Limited

Global Village, RVCE Post , Mysore Road, Bangalore-560 059, INDIA

Attendance Slip

I hereby certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the eleventh annual general meeting of the Company held on Tuesday, July 20, 2010 at 10.00 a.m. at "The Krishna Hall", Woodlands Hotel Pvt Ltd , No 5, Rajaram Mohan Roy Road, Bangalore 560 025, India or /any adjournment thereof.

Name of the attending shareholder: _____
(in block letters)

Name of the proxy: _____
(to be filled in if the proxy attends)

Instead of shareholder: _____

Signature of shareholder: _____

Signature of proxy: _____

Ledger Folio Number: _____
Or DP/Client ID No

Number of shares held: _____

Notes

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.
2. Members are informed that no duplicate attendance slips will be issued at the hall.



MindTree Limited

Registered Office: Global Village, RVCE Post , Mysore Road, Bangalore-560 059, INDIA

FORM OF PROXY

Regd. Folio No. /DP ID and Client ID:

I/We..... of in the district of being a member/members of MindTree Limited hereby appoint of in the district of as my/our proxy to attend and vote for me/us and on my/our behalf at the eleventh annual general meeting of the Company to be held on Tuesday, July 20, 2010 at 10.00 a.m. at "The Krishna Hall", Woodlands Hotel Pvt Ltd , No 5, Rajaram Mohan Roy Road, Bangalore 560 025, India or/any adjournment thereof.

I wish my above proxy/ies to vote in the manner as indicated in the box below;

Resolutions	For	Against
1. Adoption of accounts & reports thereon		
2. Approval of Dividend		
3. Re- appoint of Director Dr. Albert Heironimus		
4. Re- appoint of Director Mr. Siddhartha V.G.		
5. Re- appoint of Director Mr. Srinivasan R.		
6. Approval of appointment and remuneration of M/s BSR & Co as Statutory Auditors		
7. Approval of further issue of equity shares		

Signed this day of 2010.

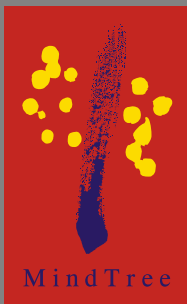
Affix
15 Paise
revenue
stamp

Member's Folio Number /Client ID No

Number of shares held

Name & address

Note: The proxy form must be deposited at the Registered Office of the Company at Global Village, RVCE Post, Mysore Road, Bangalore-560 059, INDIA, not less 48 hours before the time for holding the meeting.



Global Village

RVCE Post, Mysore Road,
Bangalore 560 059.

Karnataka. India

Ph: +91 80 6706 4000

www.mindtree.com