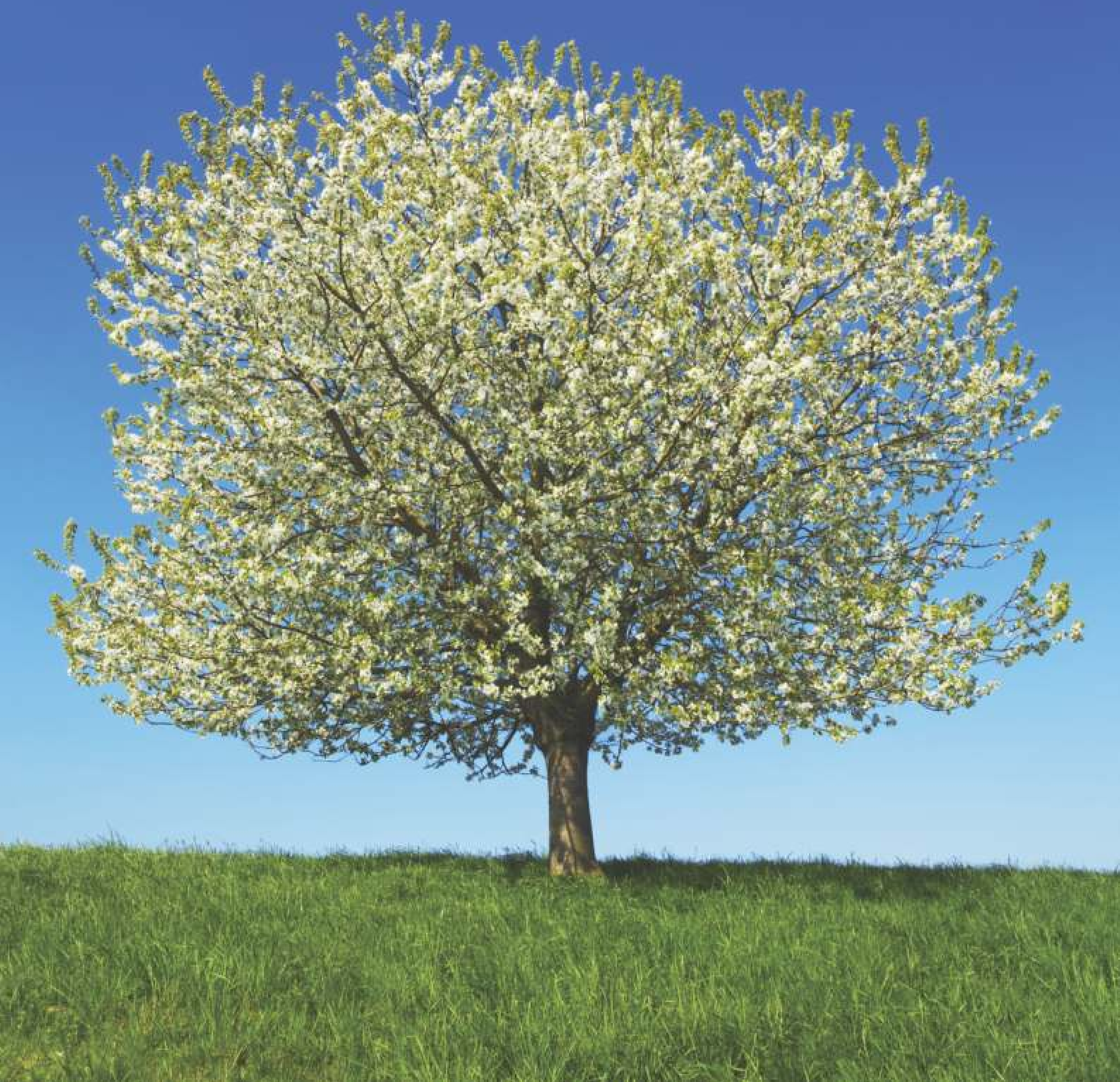
MINDTREE LIMITED

ANNUAL REPORT 2011 - 12



MindTree Limited

Board of Directors

Dr. Albert Hieronimus* – Chairman

Mr. Krishnakumar Natarajan – CEO & Managing Director

Mr. S. Janakiraman – Executive Director

Mr. Subroto Bagchi** – Vice Chairman & Executive Director

Prof. David. B. Yoffie – Independent Director

Mr. George. M. Scalise**** – Independent Director

Mr. Mark. A. Runacres ****- Independent Director

Mr. Rajesh Subramaniam ***- Non-Executive Director

Mr. V. G. Siddhartha – Non-Executive Director

Mr. R. Srinivasan – Independent Director

Mr. N. Vittal**** – Independent Director

Mr. Pankaj Chandra *****

*Appointed as Chairman for the period April 1, 2011 to March 31, 2012

**Appointed as Chairman from April 1, 2012

***Resigned as a Director from July 31, 2011

****Resigned as a Director from March 31, 2012

***** Appointed w.e.f March 19, 2012

Audit Committee

Mr. N. Vittal – Chairman

Dr. Albert Hieronimus – Member

Mr. V. G. Siddhartha - Member

Mr. R. Srinivasan – Member

Investor Grievances Committee

Dr. Albert Hieronimus – Chairman

Mr. Subroto Bagchi – Member

Mr. S. Janakiraman – Member

Compensation Committee

Mr. Mark A. Runacres – Chairman

Mr. R. Srinivasan - Member

Mr. V.G. Siddhartha – Member

Strategic Initiatives Committee

Mr. Krishnakumar Natarajan – Chairman

Dr. Albert Hieronimus – Member

Mr. V. G. Siddhartha - Member

Mr. R. Srinivasan – Member

Mr. Rajesh Subramaniam – Member

Administrative Committee

Mr. Krishnakumar Natarajan – Chairman

Mr. Subroto Bagchi – Member

Mr. S. Janakiraman – Member

Mr. V. G. Siddhartha - Member

Nomination and Corporate Governance Committee

Dr. Albert Hieronimus – Chairman

Mr. V. G. Siddhartha – Member

Mr. Subroto Bagchi – Member

Business Heads

Mr. S. Janakiraman – Chief Technology Officer

Mr. Anjan Lahiri – President – IT Services

Mr. Scott Staples – President - Americas

Mr. Parthasarthy N. S. – President – IMTS Testing & Chief Operating Officer

Mr. Ashok Krishnamoorthy – President – Business & Services – PES

Chief Financial Officer

Mr. Rostow Ravanan

Company Secretary

Mr. Rajesh Srichand Narang

Auditors

BSR & Co.

Bankers

The Hongkong & Shanghai Banking Corporation Limited

Standard Chartered Bank

State Bank of India

ICICI Bank Limited

Deutsche Bank

Citibank

Registered Office

Global Village, RVCE Post, Mysore Road,

Bangalore 560 059, India.

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www.mindtree.com

MINDTREE LIMITED

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Message from Chairman, Subroto Bagchi

Dear Shareholder,

It is a privilege and honour to be the Chairman of the board of your Company. At MindTree, while we have been strongly focused on delivering the here and the now, we are equally set on the future. As a founder of MindTree, it seems to me like yesterday that we started your Company. Thirteen years have just gone past in a blink. Hence I believe, we have to anticipate the future and before we know, 2020 will be upon us. As custodians, we have to start all the long acting measures that would make MindTree a memorable organization. Please allow me to brief you about a few of those.

As we look back at the past, MindTree was a culture-led organization. This served us well in its own time. In today's dynamic, demanding world, large deals are not given to a service provider primarily because of culture. They are conferred upon the chosen provider for expertise. So, at the point of first contact, we must be seen as expertise-led. We want our customers to come to us because of our expertise and stay for our culture. This requires a change in the overall brand perception about your Company. Towards this, we have appointed Siegel and Gale, one of the world's leading brand strategy companies to help us and you would see a series of changes in the days and months to come.

A future-ready organization needs to continuously evaluate its leadership capital. At different stages in an organization's growth, we need different calibre of leaders. Towards this, last year we engaged Korn Ferry one of the best known human resource consulting organizations. Eighty three leaders, including me and Krishnakumar, took the assessment to help every individual understand the agility level and competence. The overall assessment showed us where and how we must change including critical gaps that must be filled with great talent from outside.

A critical issue needing attention in the Indian software services industry today is differentiation. This differentiation is not about building brand presence. Companies like MindTree can be differentiated only if our people deliver a differentiated experience to our customers. Today, your Company has 11,000 people and we have made 3,000 job offers to young engineering graduates during the last one year. Unless these young engineers imbibe and deliver a different experience to the customer, we will become a commodity organization. The way the industry has relied on hiring practices at campus level and invested in entry-level training for young graduates lag behind what the future needs. MindTree is making huge changes in its approach to training entry level talent. We will take advantage of our world-class, state-of-the-future, 20-acre software development facility in Bhubaneswar to deliver a very different curriculum for future MindTree Minds. We believe our human capital will stand out in an industry that is largely focused on technical skill building alone.

As we look at the future, there are many other issues that we must anticipate. Included in them are matters of globalization and diversity. We took a major step towards that last year in committing ourselves to building a 400-people domestic development centre in Florida, USA, that would focus on delivering proximate experience for certain customer needs as well as create American jobs. We think, in an increasingly globalized world, we will need to build localized capacity.

Last year, when we crossed the $400 million mark, I asked for data on how long have the top Indian software services companies in the business taken to get there. If you consider the largest players, they have taken an average of twenty years to get to there. Despite 9/11 and two significant economic slowdowns worldwide, we made it in 13 years.

But our job is not to dwell in the past, we are readying your Company for 2020. My primary focus is to build a company good for tomorrow. This calls for focus and flexibility, capacity to see the future and at the same time, deliver the here and the now. To help us steer the organization towards this goal, we have made important changes to the composition of the board of directors, bringing in younger, outstanding talent with two new independent directors. Please join me in welcoming noted educationist and teacher, Professor Pankaj Chandra, Director of the Indian Institute of Management, Bangalore, an illustrious alumnus of the Wharton School of Business and Mr. Ramesh Ramanathan, a Yale MBA who left a great banking career at Citi Bank, USA to return to India to found Janaagraha, the civic movement for urban renewal. Both are outstanding professionals. Along with them, we believe we have a stellar board that would continue to guide us through the ups and downs that must define any sustainable organization.

As Chairman of your board, I seek your continued support and goodwill so that, together we can create a MindTree that helps businesses and societies flourish.

Sincerely,

Subroto Bagchi
Chairman

Message from CEO & Managing Director, Krishnakumar Natarajan

Dear Shareholder,

Financial Year 2011-2012 has been a very satisfying year for MindTree. As we step into the new financial year, I would like to thank you on behalf of the board of directors, the entire leadership team and the 11,000+ MindTree Minds for your confidence in us and continued support. Your support has helped us complete yet another successful year of growth.

While we began the year with some uncertainties mainly arising due to the leadership changes, our new simplified business structure and focused strategy has enabled your Company to lead in its chosen segments and grow. This in turn helped us to complete the year with a strong 21.7% growth which would put us amongst the leading companies on growth.

Your Company continued to make significant investments into our business, to deliver business outcomes to our customers, employees and partners. MindTree expanded its Hyderabad operations and has begun work on setting up the state-of-the-art campus to nurture the young MindTree Minds at Bhubaneswar, India and has also set up a new development centre in Florida, USA, to serve our customers better in that region. This will lead to accessing high quality talent, better delivery and closer proximity to major customers. We have also started expanding significantly in our facility in Whitefield, Bangalore and all these investments make your Company well geared up for future growth.

I am sure you will be very happy to know that we entered into our teens and crossed the barrier of $100 million mark in quarterly revenues and also crossed 10,000 Minds mark.

During the year, to achieve growth, sustain our vision and to be strongly customer driven, the leadership team has embarked upon a new strategy-'Back to Basics'. This approach has helped MindTree Minds to focus on building specialization in chosen verticals, deep account mining and getting prepared for larger deals. We have made excellent progress during the year on all these fronts and our strategy has yielded the desired results.

I am pleased to report to you that, during the year we have won several marquee customers and some of these wins were large multi-year relationships. With these wins, we have a robust 21.7% increase in US dollar terms for FY 2011-12 taking MindTree's revenue to $402.6 million. Our client count has reduced from 277 last year to 237 now, which is reflective of our discipline of improving the quality of our customers we acquire and focus on fewer segments.

Just a quick snapshot of the year: FY 2011-12

- Revenues - $ 402.6 million
  - YoY growth – 21.7%
- Annual PAT – $45.9 million
  - YoY growth – 106.2%
- Annual EBITDA – 15.3%
  - YoY growth – 57.3%
- Active customers – 237, including 37 Global Fortune 500 companies
- Total people strength – 11,000+

Among the couple of prestigious deals your Company won, has been the UIDAI project (Aadhaar). The project has been an opportunity to put forth MindTree's capability to handle large complex projects and make our contribution to nation building.

The IT industry is growing at a fast rate and changing quite significantly. We need to prepare ourselves for this. The industry will grow three times from the current US$68 billion to an estimated US$225-310 billion by the year 2020. There is a huge opportunity in the market and we need to be disciplined and focused on how we address the market and gain leadership in defined segments.

The entire leadership team at MindTree is committed to delivering long-term value to all our stakeholders. Our focus is shifting from just 'Order Takers' to 'Order Makers' and we will need to transform the client facing front end accordingly. We expect to grow higher than the industry growth in FY 2012-13. For our IT services business, the growth momentum will continue; however, the growth rate will be slower than FY 2011-12 due to our size and caution in certain segments such as, BFSI (Banking, Financial Services and Insurance) .

Services in the areas such as enterprise and portal are expected to show increased traction as clients ready themselves for the next version of products and building in more functionality into their current versions. We have restructured the product engineering business over the last year and will continue to drive changes during the current year as well.

We are very much on the path to what we set out to be – an inspiring and a memorable company. There are exciting market opportunities ahead and we are confident of building a unique and differentiated company that delivers enormous value to its stakeholders.

MindTree is not complete without your best wishes. With your unflinching support, we move towards our goal to make MindTree, Bigger, Better, Faster and a Company closer to our stakeholders in the years to come.

We look forward to your continued support and guidance.

With best regards,

Krishnakumar Natarajan
CEO & Managing Director

Sustainable Development at MindTree

MindTree has taken great strides in ensuring that sustainability is a key component in all our decisions. The focus is on the conservation of environment, social development and improving the well-being of MindTree Minds.

Conservation of Environment

Our Green Mission Statement is: *"To work closely with all of our stakeholders, to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint."*

This mission is executed by two bodies:

- The MindTree Green Council (MGC), which provides governance mechanisms and directs our green initiatives
- The MindTree Green Community, which is the extended arm of the MindTree Green Council that mobilizes participation for the execution of mass programs

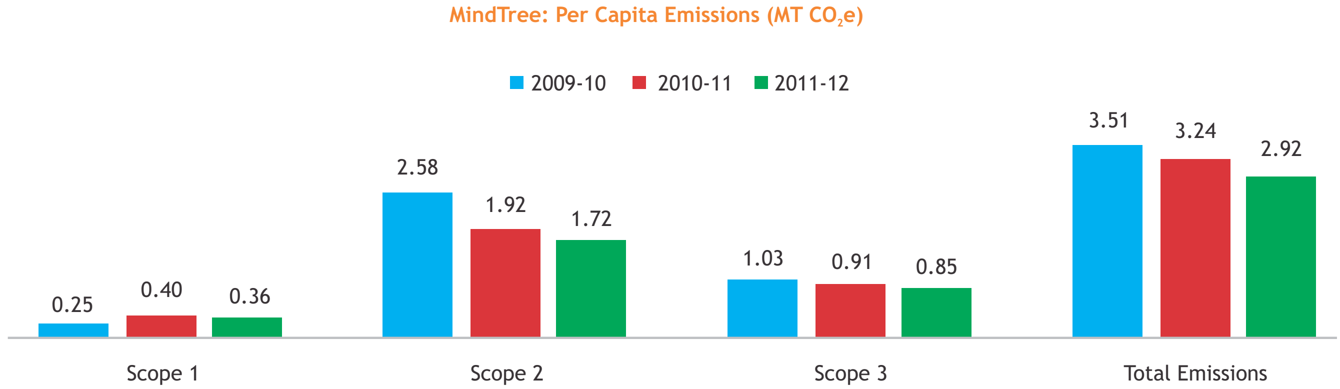
MindTree has always been cautious about the impact of its business operations towards the environment. Our initiatives are primarily focused towards reducing our water and carbon footprint by optimization and awareness programs. Members of MindTree Green Council and Community are highly motivated MindTree Minds spearheading our activities in minimizing e-Waste, saving electricity, conserving water and spreading awareness.

Carbon Footprint

MindTree Green Council measures and reports our carbon footprint on a quarterly basis. We follow the Green House Gas (GHG) protocol and measure greenhouse gas emissions. Our Carbon Footprint for the FY 2011-12 is shown below:

Emissions Sources	FY 2011-12 (MT CO_2e)
Diesel Generator	3, 408.58
LPG	51.74
Owned Vehicle	9.74
Refrigerant	0.00
Purchased Electricity	16, 610.58
Business Travel	4, 094.87
Employee Commute	4,149.19
Freight	49.74
Waste	-67.77
Total	**28, 306.67**

KEY HIGHLIGHTS : Year on Year Comparison



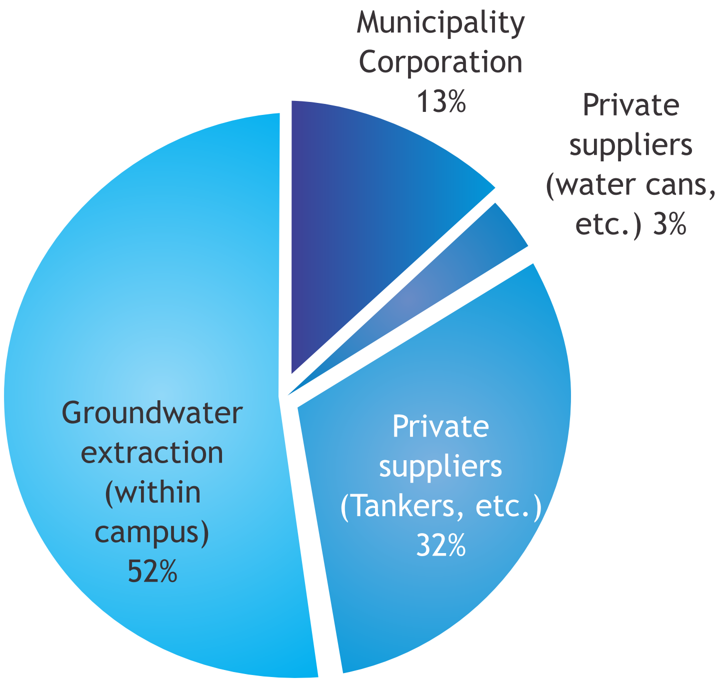
As evident from the bar graph given above, we have been able to control our carbon footprint significantly. Our per capita footprint has been reduced by 17% w.r.t the baseline per capita footprint value of FY 2009-10.

Water Footprint

We started measuring our water footprint starting this financial year as per the Water Footprint Network's Framework. Our highest consumption of water is through groundwater extraction followed by private supplies. The usage of bottled water within MindTree accounts for less than 3% of the water footprint.

	Blue Water Footprint			
	2010-11		2011-12	
	Total (KL)	KL/FTE/Month	Total (KL)	KL/FTE/Month
Total	110, 601	8.57	112,480	6.99

Water Consumption Pattern in 2011-12



Green Awareness Events

MindTree organises various green events to involve our people and also their near and dear ones to spread the message of environment conservation.

- The MindTree Green Community organized an innovative event called "Best from Waste", a fun-filled contest for the children of MindTree Minds. The idea was to encourage the young children to come up with ideas to make useful products from recycled materials such as used thermocol cups, plastic bottles etc.
- In the month of May 2011, we organized an e-Waste collection drive in our Bangalore offices. This was conducted in partnership with an external agency specialized in e-Waste management. MindTree Minds brought e-Waste from their residences and disposed in an eco-friendly manner. The response was quite encouraging.
- The World Environment Day was celebrated in different locations of MindTree. We had multiple events such as, organic food products mela, jute products display, sale of plants and rain water harvesting kiosks. A free PUC checkup camp for two and four wheelers was arranged along with a seminar on converting vehicles to CNG to save fuel costs and help the environment.
- MGC organized a special screening of the acclaimed documentary by Shekar Dattatri entitled "The Truth about Tigers". The screening was followed by an interactive Q&A session with Dr. N. Samba Kumar, Deputy Director, Wildlife Conservation Society of India.
- The most successful event of the year was a talk by Paul Rosolie, who has been working in the Amazon rainforest area for the last several years as a conservationist, explorer, guide, writer and film maker. He spoke to MindTree Minds about his findings, experiences and adventures there, as part of a lecture called "Conservation in Western Amazonia".
- MGC organized a session by Shubhendu Sharma from "Afforestt" - a Bangalore-based firm specialized in creating maintenance-free urban forests through a unique methodology called Miyawaki Method.

Commitment towards Society

Corporate social responsibility for us is beyond the notions of charity. We call our efforts in working with the society as being corporate conscience, corporate citizenship, social performance or doing business in a sustainable and responsible manner. Our on-going and continuous efforts have been channeled through MindTree Foundation.

MindTree Foundation's charter supports:

- Primary education and the cause of people with special ability by leveraging MindTree' s leadership, values and resources;
- Enhancing primary education; and
- Mindshare (Volunteer Program)

Making a difference for people with disability (PWD)

Technology has enabled breakthrough innovation in various aspects of life. MindTree believes and provides the benefits of technology to people with disabilities in any form. These assistive technologies enable them to interact easily and more effectively with their environment. Two innovative products from MindTree Foundation for the PWD are:

- K(C)ommunication Audio-Visual Interface Device (KAVI) – the Augmentative & Alternative Communication device functions as text / image to speech device to help people with disabilities to communicate; and
- Analog Digital Theremin Interface (ADITI) – This assists people with musculoskeletal disabilities, who find it difficult to use a keyboard and a mouse, to work on computers.

Enhancing Primary Education

MindTree has been supporting schools for their infrastructure, curriculum development, employment of additional teaching staff and training of teachers. Sikshana, an NGO supports around 400 schools through innovative management, training and resources that are helping to make a visible change in these schools. As primary education is one of our main charters, Sikshana reached out to MindTree. We now support 10 schools around Kanakapura taluk, Bangalore, catering to a total of 1896 children at a cost of Rs. 500 per child per year. The program has achieved significant success, in quantifiable terms, by improving the quality of education in the schools that have been nurtured under it.

Working with Missionaries of Charity

This is an initiative taken by MindTree Foundation in collaboration with CnT Architects and Esquire Contractors, to create a home for the chronically ill destitute, at Yehalanka, who have been rendered homeless due to road widening works.

The challenge and proposition of the project for the chronically ill, mentally and physically challenged destitute, was to create a world where they could breathe, laugh, dance, sing, pray and bid adieu to the world better. The intent has been to allow the building to respond to the existing landscape, where the colonnade of trees sweep into the building, creating courtyards and green spaces, where the residents spend most of their time. Responding to the mental state of the residents, most dead corners were avoided - allowing for flowing spaces. As a result, a positive hope was created by a continuous path connecting the individual living spaces.

Mindshare

Mindshare is an initiative across MindTree's global footprint. The Mindshare program provides MindTree Minds the opportunity to interact with people who are different from those with whom we normally interact in our daily and working lives, for example: people with special abilities, senior citizens, the destitute, terminally ill patients, primary school children, orphaned children, prison inmates, and children living in economically weaker localities. Each location is anchored by a catalyst who will identify and connect MindTree Minds, enabling them to interact and volunteer with social sector organizations.

The capacity of the new facility will be 70 beds in the area of 12,000 Sqfts.

The project is expected to complete by September-2012 end. The picture gives an artist's impression of the new facility being created.

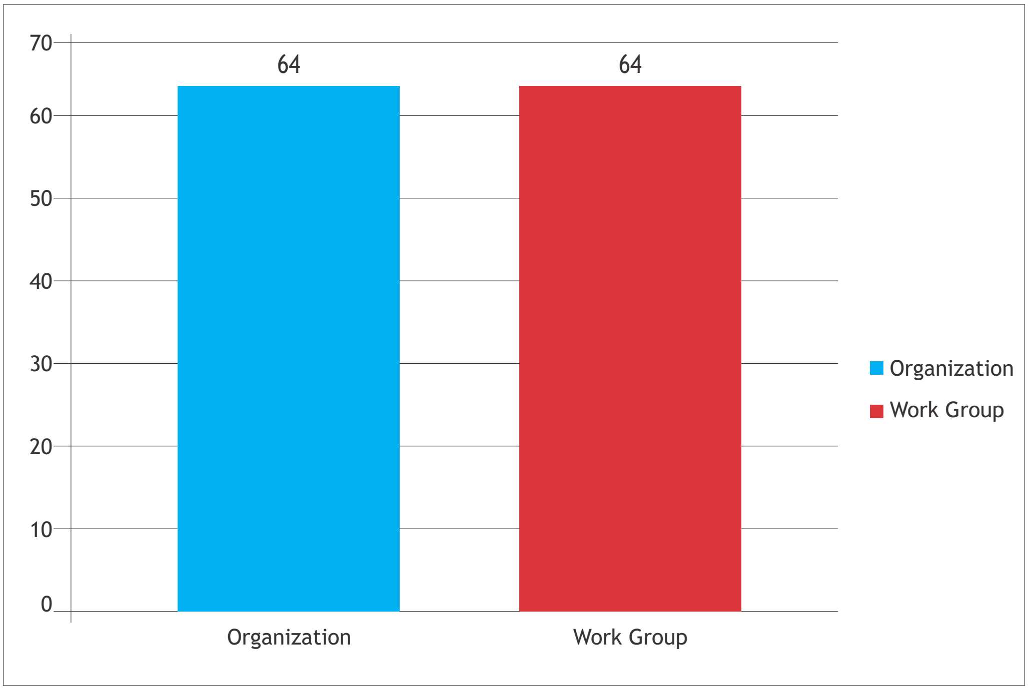
People Satisfaction

Mi Voice

This year, MindTree's People Experience Survey - Mi Voice was conducted in collaboration with The Great Place to Work® Institute (GPTW). GPTW uses the Trust Index© Survey - a unique employee-centric methodology to measure the levels of trust, pride and camaraderie prevalent in the organization.

The Mi-Voice Survey, garnered participation from 81% of MindTree Minds globally, which reinforces the high involvement of MindTree Minds in the organization and faith in management acting on feedback. MindTree Minds were asked to respond to a survey questionnaire, in context to work group / project team and organization and give their agreement on a 5 point scale.

The survey model reported that 64% of MindTree have given a response of 4 or 5, and feel that MindTree is a great place to work.



GPTW also conducted a culture audit on people practices in MindTree which have revealed that our people practices have received a minimum of 4 star rating (on 5) on most areas such as developing, hiring, welcoming, thanking, balancing and listening to name a few.

MindTree Minds have consistently commended alignment to customer focus and values, a welcoming work environment,our commitment to corporate social responsibility and non-discriminatory treatment as our key strengths. Based on the Mi-Voice Survey outcome, MindTree Leaders have spent time in action planning workshops to arrive at prioritized focus areas and action ideas to implement, many of which will see the light of the day in the coming years.

Customer Satisfaction

Right from our inception, we have placed a high value on the feedback from our customers. We had been conducting an annual customer experience survey done independently by the quality function. This year, we decided to have an independent firm to bring in the best practices as well as to provide insights based on industry knowledge. Since there were changes in methodology, the scale and the questionnaire, the results are not directly comparable with previous years' trends.

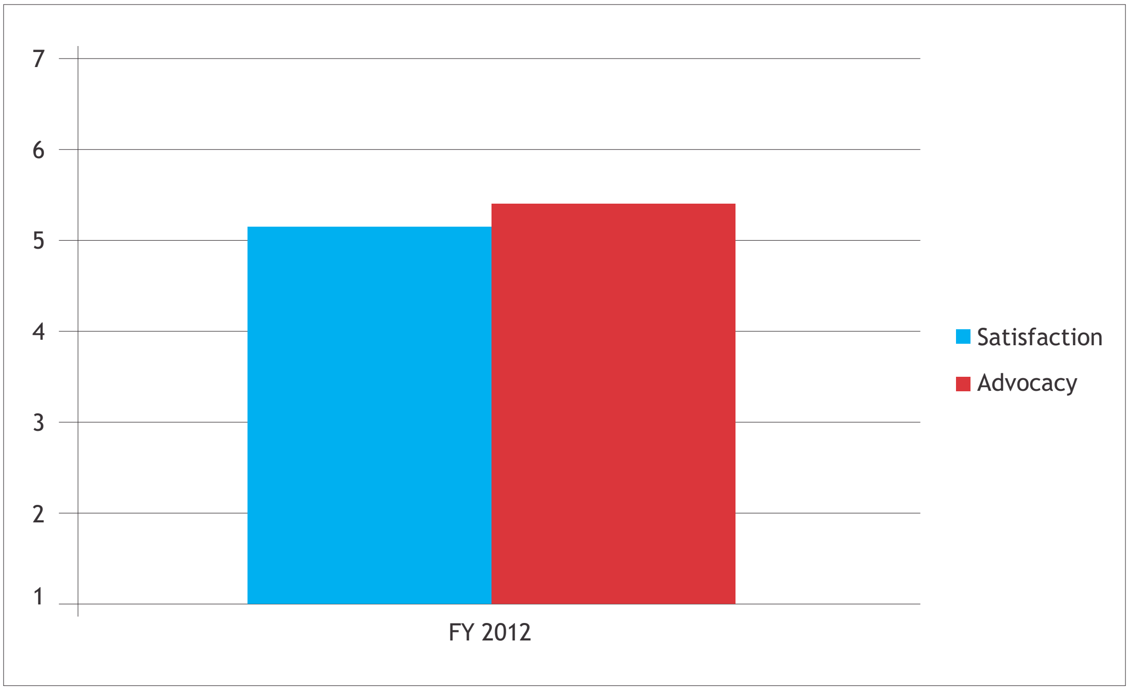
As part of the new methodology, we had the survey changed to a 7 point scale from the existing 5 point scale. The changed questionnaire reflects the industry's best practices and has helped us to benchmark ourselves with the industry.

This year's customer experience survey was conducted over 5 weeks in January and February and we had a record number of 86% of our customers who participated in this survey. More than 83% of our customers gave us positive ratings on overall satisfaction and willingness to do repeat business.

In the journey of transition to an expertise led organization, our customers' voice has been resoundingly positive in the people competency attributes. Our customers view MindTree as an Integral partner for their business, bringing in business understanding, willingness to go the extra mile and bringing in excellent governance mechanisms into the engagement.

Our investments in internal certification programs for project management, technical skills, leadership attributes have started delivering the desired results.

Customer centricity will be a thrust area during FY 2012-13 and deliver sustained performance through our customer facing processes, systems and quality. We will be measuring our mean scores on customer satisfaction and willingness to recommend as a measure.



MindTree Limited

Registered Office: Global Village, RVCE Post, Mysore Road, Bangalore 560 059, India

Dear Shareholder,

Sub: Green Initiatives

The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative' by allowing paperless compliances by the companies after considering sections 2, 4, 5 and 81 of the Information Technology Act, 2000 for legal validity of compliances under the Companies Act, 1956 through electronic mode.

You are requested to register your e-mail address and update changes therein from time to time with your depository participant or the Company or with Link Intime India Pvt. Ltd., the Share Transfer Agent (STA) of the Company to ensure prompt receipt of future communications and avoid loss and delays in postal transit.

The Company would like to avail this opportunity for sending the notices/annual reports/other documents/statutory communications to the shareholders through electronic mode to the e-mail addresses already registered in the records of the depository participants or STA and made available to the Company by them.

You are requested to note that the documents sent through the electronic mode will also be available on the Company's website www.mindtree.com. You are also entitled to be furnished, free of cost, a physical copy of the above documents of the Company. The Company shall furnish the same upon receipt of a requisition at any time. In case you wish to receive a hard copy, please contact us at investors@mindtree.com. In case you do not opt for receiving document in physical form, as stated above, it shall be deemed that you have consented to receive the document electronically by e-mail.

The Company would like to urge the shareholders to support this initiative of the MCA in full measure and contribute towards a greener environment.

For **MindTree Limited**

Rajesh Srichand Narang

Vice President - Legal & Company Secretary

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

We, Krishnakumar Natarajan - CEO & Managing Director and Rostow Ravanan, 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 ended March 31, 2012 and that to the best of our knowledge, information 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, in all material respects, a true and fair view of the Company's affairs, the financial condition and results of operations 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 disclosure controls, procedures and internal controls for financial reporting of the Company and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed or caused to be designed, such internal control systems for financial reporting, so as to provide reasonable assurance regarding the preparation and reliability of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) ;and

    c) evaluated the effectiveness of the disclosure controls, procedures and internal control systems of the Company pertaining to financial reporting.

4) We have disclosed to the Company's auditors and the audit committee of the board of directors:

    a) Any change, that has materially affected or is reasonably likely to materially affect, the Company's 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 significant changes and 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) In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.

6) We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

7) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Bangalore	Krishnakumar Natarajan	Rostow Ravanan
April 16, 2012	**CEO & Managing Director**	**Chief Financial Officer**

Directors' Report

Dear Shareholder,

Your directors have pleasure in presenting their thirteenth report on the business and operations of your Company for the financial year ended March 31, 2012.

Financial Performance **(Rs. in million)**

Financial Particulars	**FY 11-12**	**FY 10-11**
Revenue from operations	19,152	15,090
Other income	384	461
Total revenues	**19,536**	**15,551**
Employee benefit expense	12,261	9,853
Finance costs	5	4
Depreciation and amortisation expense	695	712
Other expenses	3,958	3,456
Total expenses	**16,919**	**14,025**
Profit before tax	2,617	1,526
Current tax	534	298
Deferred tax	(104)	(3)
Profit for the year	**2,187**	**1,231**

Business Performance

Global Economy saw a slow recovery in 2011 (3.8% growth in 2011 as compared to 5.2% in 2010, as per IMF), owing to strains in the euro-area and shocks in Japan. 2012 is expected to see a much slower, subdued recovery (3.3% growth), with escalating downside risks that include growing concerns of a mild recession in the euro-area causing spill-overs in other economies and slower growth in emerging economies due to poor domestic demand and an uncertain external environment. Emerging economies are expected to grow by 5.4%, the advanced economies by 1.2% and the euro-area likely to contract by 0.5%. Though the overall economic outlook appears sluggish, global spending on technology continues to grow and the global IT offshoring market is expected to grow much faster (as per NASSCOM Strategic Review 2012). India currently accounts for about 74% of the global IT offshoring market.

We are a global IT services company that engineers meaningful technology solutions to help businesses and societies flourish. We place significant emphasis on a collaborative spirit, unrelenting dedication towards our customers, expert thinking and high standards of corporate governance. Our endeavor is to create success for our customers through innovative solutions delivered by happy people at workplace.

We have developed a comprehensive range of services to ensure that we offer end-to-end IT services to our clients. With delivery centers in India and the U.S., we offer IT strategy consulting, application development and maintenance, data warehousing and business intelligence, package implementation, product architecture, design and engineering, embedded software, technical support, testing, infrastructure management and knowledge processing 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 portfolio of service offerings helps our customers achieve their business objectives.

FY 2011-12 was a milestone year for MindTree, as we crossed $100 million in quarterly revenues and 10,000 MindTree Minds in Q2 FY 2011-12. Our ITS business has shown strong Q-over-Q volume growth.

Your Company received good traction for its services and its expertise in chosen segments continues to hold it in good stead. Your Company has also 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. For ITS, the growth momentum is expected to continue, however the growth rate will be slower than FY 2012 due to our size, caution in certain segments such as BFSI. The PES business faces some challenges in terms of captives, decision on product road map and in areas such as semiconductors and changing markets in consumer devices. We have restructured the business over the year and some areas such as Enterprise & Portal is expected to show increased traction. This business is prone to high degree of volatility. However at an overall Company level, we expect to grow higher than industry estimates in FY 2012-13.

Revenue for the year is Rs. 19,152 million signifying a growth of 26.91% in Rupee terms and 21.71% in dollar terms. We have 237 active customers as at March 31, 2012 of which 37 are Fortune 500 accounts.

EBITDA margins are at 15.31% as compared to 11.8% in the previous year. The main reasons for the increase in EBITDA margins are rupee depreciation of about 4.3% during the year and increased focus on operational excellence initiatives. Our effective tax rate is about 16.4% as compared to about 16.5% (after adjusting for the one time dividend tax paid on Aztec US subsidiary dissolution) in the previous year. PAT has increased by 77.7% to Rs. 2,187 million mainly because of the reasons explained above and due to our exit of the mobile business.

Dividend

Your directors had declared an interim dividend of Rs.1.50 per share and special dividend Re.1.00 per share i.e. Rs. 2.50 per share on the equity shares of Rs.10/- each (par value) on October 17, 2011 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 1, 2011. Your directors also recommended a final dividend of Rs.1.50 per share on the equity shares of Rs.10/- each (par value) for the year ended March 31, 2012 which is payable on obtaining shareholders' approval in the thirteenth annual general meeting, making the total dividend for the year 2011-12 to 40%.

The dividend pay-out amount for the current year inclusive of additional tax on dividend will be Rs.188 million as compared to Rs. 117 million in the previous year.

Transfer to Reserves

We propose to transfer Rs. 219 million to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975. Your Company also proposes to retain Rs.6,726 million in the profit and loss account on standalone basis.

Changes to Equity Share Capital

Your Company also issued 508,736 equity shares of Rs.10/- each to various MindTree Minds on exercise of stock options. Consequently, the paid-up equity share capital has increased from Rs. 400,351,870 to Rs.405,439,230.

Board Committees

The details of various committees of board are provided in the corporate governance report.

Infrastructure

In 2010-11, with the implementation of the first phase of your campus at Whitefield, Bangalore, your Company added 113,990 sq. ft. which translates to 910 seats. During 2011-12, your Company took up construction of the second phase inside this 3.16 acre plot. This new construction will provide us an additional 187,466 sq. ft. of built-up area and 1,400 seats after the facility becomes operational during the last quarter of 2012-13. This facility will have water harvesting facilities, innovative air-conditioning technology saving 30% of energy consumption and all your Company's buildings adhering to the highest LEED standards.

In Hyderabad, your Company has outgrown from its modest facility in Banjara Hills and moved into a new facility inside an SEZ area. The new facility has a built up area of 43,250 sq.ft. with a seating capacity that will accommodate 392 employees.

In Chennai, your Company has set up another development centre in the city. This new facility is coming up inside Tata Ramanujam Infocity Limited campus. The new facility will have a built up area of 59,583 sq. ft. with seating capacity that will accommodate 717 employees.

Your Company is also expanding to Bhubaneswar. The state government has allotted us a 20-acre plot to build our own campus. Bangalore's reputed architects Chandavarkar and Associates have designed the 20-acre campus taking a cue from the ancient architectural principles behind local temples and applied them to a modern design. The campus is being built in a phase-wise manner and the first phase of 200,000 square feet will be completed in 2013.

Your Company has also set sights on building its first development centre in the United States. Your Company's expansion of its U.S presence is expected to bring some 400 new jobs to the Gainesville area beginning late this summer. Your Company's new U.S. Development Center reflects your Company's strategy to broaden its IT and software consulting offerings to its clients in the U.S.

Currently, your Company has 1,486,347 sq. ft. of built-up space as of March 31, 2012. The current expansion will add another 447,049 sq. ft. with 4,117 seats thus bringing the total to 1,933,396 sq. ft.

Subsidiaries

We had two subsidiaries as on March 31, 2012: MindTree Software (Shenzhen) Co. Ltd. and MindTree Wireless Pte. Ltd., Singapore.

As per Section 212 of the Companies Act, 1956, companies are required to attach the directors' report, balance sheet and profit & loss account of its subsidiaries. The Ministry of Corporate Affairs vide its circular no 2/2001 dated February 8, 2011 has provided an exception, to companies from complying with section 212 provided such companies publish the audited consolidated financial statements in annual report. The annual report for 2011-12 does not contain the financial statements of our subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable will be made available upon request.

People

The total number of MindTree Minds as at March 31, 2012 was 11,000 as against 9,547 as at March 31, 2011. During the year, your Company saw a decrease in attrition levels towards the end of the financial year and the annual attrition for the year was at 18.2% as against 25.1% in the year before. During the year under review, your Company has focussed on people engagement practices, career aspirations management and innovative practices in learning and development and compensation, which have all worked in favour of retention of our talent.

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 favourable 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. We have dedicated programs to help our people build new skills and competencies which promote knowledge sharing, building effective teams, etc. Your Company continues to innovate in knowledge management to ensure learning's 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 its wealth creation, as they are responsible for the management, growth and financial success of MindTree.

The Company currently administers seven stock option programs, viz. ESOP 1999, ESOP 2001, ESOP 2006 (a), ESOP 2006 (b), ESOP 2008 (A), DSOP 2006 and ESOP 2010 (A).

A reconciliation statement for the equity shares approved in-principle and later allotted and listed till March 31, 2012 is given below:

Particulars	Number of shares -ESOP 1999	Number of shares -ESOP 2001	Number of shares -ESOP 2006(a)	Number of shares -2006(b)	Number of shares -DSOP 2006	Number of shares -ESOP 2008 (A)	Number of shares -ESOP 2010 (A)
In-principle approval received from BSE & NSE	196,381	853,675	366,500	7,049,900	500,000	300,000	1,135,000
Less: No. of equity shares allotted & listed	(187,504)	(698,324)	(239,557)	(858,616)	(83,333)	(76,087)	(0)
Balance number of equity shares	8,877	155,351	126,943	6,191,284	416,667	223,913	1,135,000

The details as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been disclosed under annexure to the directors' report. There has been no variation in the terms of ESOP programs and no employee was:

(i) granted options, during the year, equal to or exceeding 1% of the issued capital.

(ii) received a grant, during the year, amounting to 5% or more of the options granted during the year.

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

Name of Senior Managerial Personnel	Designation	Stock options granted
George Zacharias	Executive vice president	60,000
Greg Blount	Senior vice president	50,000

Directors

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 Hieronimus
2. Mr. R. Srinivasan
3. Mr. Siddhartha V.G.

Their brief resumes are attached to the notice of thirteenth annual general meeting. The board of directors have recommended their re-appointment and seek shareholders' approval in this matter.

Mr. Rajesh Subramanian resigned from board of directors of the Company w.e.f. July 31, 2011. Prof. Pankaj Chandra was appointed as an additional director of the Company by the board of directors on March 19, 2012. Mr. N. Vittal, Mr. George M. Scalise and Mr. Mark A. Runacres have also resigned from board of directors of the Company w.e.f. March 31, 2012.

Mr. Subroto Bagchi has been appointed as the Executive Chairman effective from April 1, 2012.

Your directors recommend that the resolutions relating to the re-appointment of Dr. Albert Hieronimus, Mr. R. Srinivasan, Mr. Siddhartha V.G. and Prof. Pankaj Chandra as directors of your Company be passed.

Liquidity

Your Company maintains sufficient cash to meet its operations and strategic objectives as at March 31,2012. Your Company had liquid assets of Rs. 3,660 million as against Rs. 1,545 million at the previous year end. These funds have been invested in deposits with banks and in money market mutual funds.

Awards and Recognitions during FY 2011-12

- Your Company has bagged the NASSCOM IT User Award 2012 under ‘Social Media Adoption in an Enterprise’ category for its intranet application called ‘PeopleHub’.
- Your Company was awarded the ‘Best Corporate Governance, India, 2012’ by World Finance magazine.
- Your Company was ranked No. 3 in India in the 'Best overall for Corporate Governance’ category in Asiamoney Corporate Governance Poll, 2011.
- Your Company ranked among the top 100 Global Outsourcing Companies in a study by Global Services Media and NeoAdvisory in 2011. The recognition is based on your Company's management excellence, customer maturity, global delivery maturity and breadth of services portfolio.
- Your Company was selected as the 'EPG Communication & Collaboration Partner of the Year 2011' by Microsoft.
- Your Company has been ranked 19th in the list of Top 25 Best Employers in India and ranked No.2 among the IT companies by AON Hewitt Best Employers' Survey 2011.
- Your Company is listed among the Top 10 companies in Zinnov Management Consulting's Global R&D Service Providers Rating 2011 for the second straight year.
- In the survey, which covered geographies such as India, China, Russia and Eastern Europe, your Company is positioned as the 3rd leading semiconductor R&D service provider.
- Your Company was named among the top 10 providers of Outsourcing/IT Integration services to the consumer goods industry in Consumer Goods Technology's (CGT) 2011 Readers' Choice Survey. Your Company was chosen by CGT's subscriber base as one of their most valued and used solution and service providers.
- Your Company was featured as Asian Most Admired Knowledge Enterprise (MAKE) winner for the fourth consecutive year in 2011, instituted by Teleos in association with THE KNOW Network. Your Company has also won the Global MAKE award for the second year in a row in 2011 and ranked second in the Indian MAKE.
- Mr. Krishnakumar Natarajan, CEO and MD, of your Company received Bloomberg UTV, CEO of the Year under Emerging Companies Category in 2011.

Litigation

No material litigation is outstanding as at March 31, 2012.

Deposits

In terms of the provisions 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.

Sustainability Report and Green Initiatives at MindTree

Copy of the Sustainability Report and Green Initiatives taken by your Company is disclosed separately in this report.

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.

Transfer to Investor Education and Protection Fund

The Company had transferred unpaid dividend amounts within the statutory period to the Investor Education and Protection Fund. No transfer was due during the year under review.

Auditors

The retiring statutory auditors, M/s B S R & Co. Chartered Accountants, hold office as statutory auditors until the conclusion of the thirteenth annual general meeting and they have confirmed their eligibility and willingness to accept office and be re-appointed as the statutory auditors to hold office until the conclusion of the fourteenth 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 Ministry of Corporate 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. 6 million per financial year or Rs. 500,000 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 Companies Act, 1956, 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, 2000 is annexed to this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under clause 49(IV)(F) of the listing agreement is disclosed separately in this report.

CSR Efforts - Assistive Technology

Support cause of People with Disability Special Ability

Visited special schools to demonstrate and create awareness about Assistive Technology Products.

- Weekly sessions about assistive technology to lateral-joined MindTree Minds.
- Customer teams were presented about ADITI and KAVI products in Bangalore and Chennai.
- A volunteer team in MindTree, Chennai presented ADITI and other Assistive Technology products to our customers, prospects.
- Leaders Quest team of a UK based organization that provides coaching to the senior management in leadership skills was presented ADITI and KAVI products.
- Participated in WoGAT (Working Group of AT products) among IITM, NotionInk, 99&1designs.com, and FAME.

Setup a working model and a chain of ECO partners.

- ECO partners were identified and discussions were initiated to take our Assistive Technology products to the mass production.
- Produced 100 units of Red-Pyramid ADITI and the cursor control software. There were already 120+ ADITI units sold through Chethana to Vidyasagar - an NGO and special school for people with special abilities.
- KAVI-AT a text to speech Android application was completed and the POC was demonstrated to an NGO called FAME and Chethana. This application and the Game software can be downloaded from MindTree Foundation website.
- Developed a working model with partners to deliver indigenous, high quality and affordable AT products to the poor specially abled children.
- An NGO named WORTH (Workshop for Rehabilitation and Training of the Handicapped) has been identified for domestic and international market production.
- Perkins, a product company for visually-impaired, was chosen as a channel partner.
- FAME, an NGO and a special school for the children with special abilities were demonstrated ADITI and KAVI-AT products.
- Sophia's School in Bangalore has installed ADITI for one of their CP-affected students in their school.

Improvised ADITI-Wireless POC

- We have developed the next version of ADITI-W (Wireless). This is presently in the POC phase.

Draw product specifications for KAVI-PTS and another AT product idea, design, validate and demonstrate the POCs.

- Apart from ADITI, there are other needs mounting for a communication device like AAC (Augmentative Alternative Communication) from special schools for the children to speak. There are also requirements for KINECT based GAIT Analyzer from the special schools that may be considered.
- Various teams were formed such as core team, project team, volunteer team, and Internship teams. This helps in two ways to the organization:

  - Create AT products with less efforts and cost.

  - Create a platform for the MindTree Minds to contribute their skills for AT products.
- **Product Specifications**: Drafted specifications for the products ADITI, KAVI-AT, and Android-Picture-To-Speech based on the user story that we got from NGOs and special schools such as FAME and SPASTN.
- **Design and Validation**: Worked with various stake holders, conducted regular reviews, feedbacks to them.
- 35 new product ideas were generated with SPASTN

Grants

Sparsh Foundation: MindTree donated Rs.22.5 Lakhs to Sparsh Foundation "SPARSH VACHANA" – that does the orthopaedic corrective surgeries to 200 under-privileged children.

Spastics Society of Karnataka: MindTree provides monthly supply of biscuits, takes care of the 200 destitute at M.O.C Bangalore and creates revenue for SSK.

Support the cause of Education

RangaShankara: MindTree Foundation, in association with RangaShankara and Aha! Theather has provided a medium of education to over 4000 children from Government schools in Bangalore.

Dharmapuri School: MindTree is sponsoring the teachers' salaries.

SANKYA: MindTree donated 200 computers and the cost of packing through Sankya who provide computer infrastructure and computer literacy to Government aided/unaided schools in the state of Karnataka.

Sikshana: Through Sikshana MindTree has adopted (5 Lakhs) 10 village primary schools (1896 children) in Karnataka to improve their scholastics levels.

Volunteer Program

MindShare Programs: Through Sambhav Foundation, 48 volunteers from MindTree conducted life-skills sessions for 1000 + children of two schools from vulnerable & socially disadvantage backgrounds to enable them to cope with life's enormous intricacies, initiated TSA program at other locations of MindTree in India.

Samarthanam - Learning Program 1: We facilitated and conducted one day program for Samarthanam students on insight on corporate operations.

Joy of Giving Week: Through Mincho Foundation, we facilitated and celebrated the Joy of giving week with the under privileged children with two identified rural schools.

Communication

Improve internal and external awareness of MindTree Foundation's activities: We conduct weekly sessions of awareness regarding the activities carried on by MindTree Foundation for new joiners (including lateral Joiners).

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 Central and State Government, particularly the Software Technology Parks, the tax authorities, the Ministry of Commerce, 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 contributions made by MindTree Minds at all levels.

For and on behalf of
the board of directors

Bangalore
April 16, 2012

Subroto Bagchi
Chairman

Annexures to the Directors' Report

A. 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, (the Act) 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 the 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 & Co., 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.

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

The provisions of conservation of energy and technology absorption and adaptation do not apply to the Company. However, various measures voluntarily taken by the Company are detailed hereunder:

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."

This statement embodies MindTree's commitment to following high standards of environmental protection and the provision of a safe and healthy work place for MindTree Minds, customers and other stakeholders. In the present context, we view global climate change as an important issue and have adopted the prime responsibility of mitigating and adapting to the risks of climate change. We started monitoring our Greenhouse Gas (GHG) emissions since November 2008 and now believe that we have a good understanding of our GHG emissions across all categories; which includes almost every activity of our organization.

A conscious decision has been taken to construct all our future facilities as "LEED" certified buildings. To start with, MindTree East Campus facility is certified as LEED for Commercial Interiors and "GOLD" by Green Building Certification Institute.

Energy Efficiency Practices at MindTree

Some of the energy efficiency 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 weekends.
- Hibernation of desktops & notebook computers when not in use.
- Turning off lights in all floors when Minds are 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 to create an impact include the following:

- Only ground water is used at West Campus.
- Sensors in toilets to optimize water usage.
- Dish washers used in the cafes 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.

E-Waste - Disposed and recycled through “e-Parisara”.

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 all 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.

C. Technology and Innovation

Technology absorption (PES)

MindTree has been continuing its leadership in Bluetooth and Digital Video Surveillance technologies. The BlueLite™ Bluetooth Low Energy (BLE) technology has been enhanced for features, qualified for compliance to Bluetooth 4.0 and has been licensed and integrated into several customer chips.

In addition to technology products, MindTree invests in technology agility and asset creation through its Product Engineering Labs (Labs) and Technology Centers of Excellence (COEs).

Labs look at early emerging technologies, evaluates and sponsors specific initiatives that lead to substantial technology assets and deep understanding of early stage technologies.

COEs are chartered with developing deep expertise as well as creating methodologies, frameworks and solutions in the chosen areas of focus, to help our customers with faster product development and time to market.

Product Engineering Research Labs

During FY 2011-12, the Labs concluded the following two initiatives:

Recommendation as a Service

Recommendation as a Service (RaaS) is a cloud service that can generate recommendations for any domain using ratings data provided by the service user. It is an example of an Infrastructure Application which abstracts functionality that requires a large amount of compute cycles, storage space and specialized hardware into a pay-as-you-use service. RaaS is a collaborative filtering type of recommender using item-based similarity technique. It is a multi-tenant, REST style web service that uses Hadoop™ MapReduce for its large scale data processing and is hosted on the Amazon Web Services platform.

Lab Manager for Eucalyptus Private Cloud

The Lab Manager is a virtual lab automation software that can be used to manage a group of EUCA virtual instances as a single logical unit called a Lab. It makes it easy to configure, run, save and restore a group of virtual instances as a single, logical unit. The Lab Manager is a GUI driven application targeted as a rapid deployment environment for development and test activities.

Going forward, Labs is pursuing research into cutting edge technologies in the emerging areas of big data and internet of things. The research activities include architecting highly scalable computing platforms and machine learning algorithms to the handling of real-time streaming massive volumes of data and platforms and techniques for context awareness and complex event processing.

Technology Centers of Excellence

In FY 2011-12 the following COEs have been active in fulfilling this charter.

SAAS Center of Excellence

This COE has been developing a "SAAS Enabler Framework" – which lowers the cost of transforming any application into a true software as a service. This is achieved through the development of basic SAAS components such as billing, metering, monitoring, reporting, tenant portal, service bundling and selection agent.

This COE has also developed a cloud testing framework that simulates various scalability issues, performance issues and validates the behavior and recovery of applications on the cloud.

Web Technologies Center of Excellence

The web technologies COE has developed a web UI analysis tool called WarpSpeed that validates the UI for performance, HTML5 compatibility and also recommends good design and coding principles of UI Engineering.

Open Source Software Center of Excellence

The OSS COE has extended their multitenant e-Commerce platform to support a rich user interface store front using the latest open standards. The store front supports "pluggable" e-Commerce UI components such as product category list, search/filtering and comparison, shopping cart with drag and drop features that enables our customers to quickly build an e-Commerce store front with enhanced user experience.

Microsoft Azure Center of Excellence

Our MS Azure COE has also extended the Azure Migration Factory (AMF 2.0) to include new tools and solutions that enable enterprises to adopt the MS cloud. File synchronizer that synchronizes on-premise file store to Azure storage blob, a migrating tool to migrate data from a federated Database to SQL Azure etc. are some of the outcomes of activities under this COE.

Digital Video Surveillance: MindTree began developing solutions in the Digital Video Surveillance domain to address the growing needs of the surveillance market. We are committed to leverage this market potential and create a non-linear revenue stream for MindTree by delivering feature rich, standards compliant, cost effective, IP based video surveillance solutions.

The key products delivered by MindTree address surveillance needs for SMB (Small & Medium Businesses), high value installations and Video Surveillance as a Service (VSaaS) market segments. The key products developed at MindTree to address needs of security market include standards compliant and 'state of the art' Surveillance Management software, video analytics suite and embedded surveillance management software on storage devices.

We are building critical intellectual properties in Video Analytics and Video Content Management. We have filed 4 US and Indian Patents in the area of Video Analytics. The Video Analytics suite includes key offerings such as Vision based Vehicle Classification, Visual Smoke Detection, Automatic PTZ tracking, Direction based Violation Detection and others.

Our Surveillance Management Product (brand name ManageMind) has been installed at various places in India and has been licensed to one large Indian OEM. We have partnered with a global leader in storage solutions- Iomega/EMC, to offer video surveillance solutions for SMBs and distributed enterprises, integrated into their Network Attached Storage (NAS) boxes.

IT Services investments in solutions and technologies

MindTree continued to invest in its Digital Business (dBiz) capability bringing together business consulting, creative design and technology capabilities serving the Consumer Packaged Goods (CPG) and Banking & Financial Services (BFS) industries. Multiple solutions were realized through a development platform that includes an innovative framework and necessary infrastructure for rapid deployment. Following are few examples of such solutions:

- mKonnect (www.mindtree.com/mKonnect)- mKonnect is a consumer engagement platform targeted towards brand organizations striving for consumer engagement. mKonnect is a platform built using mobile and open technologies to serve the digital marketing needs of attracting, acquiring and engaging consumers using social media mechanisms enabled via mobile technologies.
- mSales (www.mindtree.com/mSales)- Is a business to business sales enablement tool that can be used by organizations selling goods & services to other businesses. mSales is designed to make sales personnel effective and successful by equipping them with performance information, collaboration tools and analytics around enterprise data access.

MindTree also provides domain-oriented solutions that enable our clients to meet their business and strategic objectives. These solutions are developed with a business problem in mind and provide a framework whereby our clients are able to get to market faster. The following are some examples of business problems and the solutions developed by MindTree to address them:

- Regulatory constraints, changing customer demands, increased competition, shrinking margins and eroding brand loyalty have driven the need for more effective collaboration between organizations to optimize supply chain efficiency, brand /product launches and reduce inventory holding costs. MindTree has developed a business process management solution framework called "CPG –Retail Collaboration Platform" built on IBM WebSphere Lombardi BPM product, which streamlines and automates collaborative business processes between CPG and Retail firms.

MindTree continued focus on a distinct set of Centers of Excellence (COEs) has enabled us to build depth and focus in certain suite of products and technologies. In addition to equipping us with distinct expertise, each COE has invested in developing frameworks and solutions that will enable our clients achieve greater speed to market when working with such technologies. Following are some examples of such frameworks and solutions:

- An "Enterprise Collaboration Platform" was developed on Microsoft SharePoint. This solution enables corporate communication, collaboration between employees through social features, process enablement through document management and workflow and supports learning knowledge management and innovation.
- A smarter stock management framework was developed as part of MindTree's "IBM Smart Commerce" COE initiative. This framework helps in monitoring stocks in real time, analyzing the inventory situation across all warehouses by applying business rules and thereby allowing our retail customers to take decision whether to launch a promotion, transfer the goods from one warehouse to another or return the goods to vendor.
- A coremetrics analytics framework was developed to analyze visitor summary and behavior, analyze transactions and compare sales during promotion & non-promotion durations allowing retargeting personalized campaigns for selected customer segment groups thereby increasing ROI and customer lifetime value.

- AppFactory, a solution accelerator developed in MindTree's Mobile COE, is targeted at mobile application development which can function in native IOS, Android, cross platform and hybrid environments aiming to provide an easily deployable and quick time to market solution.
- Equipped with pre-built standard user experience patterns, AppFactory provides a list of comprehensive ready-to-use components available for usage across all leading platforms.
- BPM COE developed BPM life cycle guidelines, templates and architecture prescriptions to enable our customers on large scale BPM initiatives with reduced risk and controlled governance.
- MindTree built an SAP “Standard Domain Dashboard” which plugs into SAP standard reports seamlessly. It provides our customers with a great starting point and ensures their BI roadmap is enhanced with a dashboard capability.
- A metadata driven framework was developed by MindTree to accelerate ETL development lifecycle. It utilizes the Microsoft BI stack and can be plugged into any SSIS solution.
- A monitoring dashboard framework was built using a standard data model, which provides a dashboard for service delivery team to monitor jobs and their status.
- A report usage framework built on the panorama BI platform using the metadata provided by SSAS. It helps organizations identify reports that can be candidates for tuning and demonstrates the usage patterns of reports across the organization.
- Multiple tools were developed under Mainframe COE to aid in the conversion of IMS to RDBMS, IDMS to RDBMS, ADABAS to RDBMS, conversion of VAG to Cobol, Natural to Cobol. PL/I to Enterprise PL/I and other utilities for automatic generation of new IMS DC and CICS screens.
- MindTree's tool, UnPac, automates the conversion of Pacbase to Cobol and reduces overall risk impact without compromising business logic or performance.

Last year, MindTree delivered very complex solutions to our customers by applying technology innovation in the context of business. Following are few examples of such solutions:

- The Aadhaar project is an initiative by the Government of India for providing a unique on-line portable identity to all of its residents. The scale and complexity of the solution is unprecedented in prior e-governance initiatives in India. The total data volume exceeds Petabytes and the hardware deployment footprint is in the order of thousands of CPU cores. Multiple applications like enrolment, authentication, fraud management, business intelligence & analytics and portal were built using very unique architecture patterns, open standards and open source frameworks.
- On shelf availability is one of the key focus areas of many a CPG business today. While increasing the “on shelf availability” has a huge impact on the sales of the products, on a flip side, having an incorrect product availability leads to a revenue loss. Using predictive analytics, MindTree was able to ensure products which sell once remain on the shelf of the outlet, identify products which are currently not selling at an outlet but deserve to sell and reduce out-of-stock situations.
- While customer demand is pushing supply chain cost reductions upstream, shorter product life cycles and the commoditization of products are exerting downward pressure on revenues. With wafer thin margins, managing the supply chain efficiently is of phenomenal importance for most of the CPG companies today. MindTree established & optimized linkages between market opportunity & production capabilities by designing & developing five different optimization algorithms for a leading CPG manufacturer in India.

Patents

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

Sl. 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
13	Mitten switch	India	2010
14	Detecting objects of interest in still images	India, US	2010
15	Automatic cardiac functional assessment system using ultrasonic cardiac images	India, US	2010
16	Center-tapped Inductor balun	India, US	2010
17	Integrated radio frequency front-end circuit	India, US	2010
18	Capturing events of interest by spatio-temporal video analysis	India, US	2010
19	Securing a virtual environment and virtual machines	India, US	2010
20	Barcode photo-image processing system(Provisional)	India	2011
21	Circular object identification system	India	2011

D. Earnings and expenditure in foreign currency (accrual basis)

Inflows **Rs. in million**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Income from software development	18,069	14,100
Other income	3	10
Total	**18,072**	**14,110**

Value of imports on CIF basis **Rs. in million**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Capital goods	89	91
Others	9	3
Total	**98**	**94**

Expenditure in foreign currency **Rs. in million**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Branch office expenses	5,962	4,675
Travel expenses	200	292
Professional Charges	8	16
Others	540	347
Total	**6,710**	**5,330**

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 such technologies.

E. Disclosure as per order of Ministry of Corporate Affairs' General Circular Letter No 2/2011-CL-III dated 8 February, 2011.

Subsidiary's financial summary **Rs. in million**

Particulars	MindTree Software (Shenzhen) Co. Ltd	MindTree Wireless Pte. Ltd
Capital	23	-
Reserves - Dr Balance	-	-
Total Assets (gross)*	23	-
Total Liabilities	-	-
Details of investments	-	-
(except in case of investments in subsidiaries)	-	-
Turnover	-	-
Profit / (Loss) before taxation	(1)	-
Provision for taxation	-	-
Profit after taxation	(1)	-
Proposed dividend	-	-

* Note: Corresponding figures for previous year presented have been regrouped, wherever necessary to confirm to the current year's classification.

The detailed financials of the subsidiary companies shall be made available to any shareholder seeking such information.

F. Employee Stock Option Plans

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

Program 1 [ESOP 1999]

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

Outstanding options as at April 1, 2011	4,088
Granted during the year	-
Exercised during the year	88
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2012	4,000

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, 2011	126,763
Granted during the year	-
Exercised during the year	40,124
Lapsed during the year	7,272
Forfeited during the year	-
Outstanding options as at March 31, 2012	79,367

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, 2011	83,548
Granted during the year	-
Exercised during the year	45,258
Lapsed during the year	38,255
Forfeited during the year	35
Outstanding options as at March 31, 2012	-

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, 2011	2,308,946
Granted during the year	110,000
Exercised during the year	408,995
Lapsed during the year	486,768
Forfeited during the year	174,145
Outstanding options as at March 31, 2012	1,349,038

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.

Outstanding options as at April 1, 2011	150,218
Granted during the year	-
Exercised during the year	938
Lapsed during the year	24,477
Forfeited during the year	-
Outstanding options as at March 31, 2012	124,803

Program 6 [Directors' Stock Option Plan, 2006 ('DSOP 2006')]

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

Outstanding options as at April 1, 2011	165,000
Granted during the year	-
Exercised during the year	13,333
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2012	151,667

Program 7 [(ESOP 2010 (A)]

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

Outstanding options as at July 20, 2011	Nil
Granted during the year	-
Exercised during the year	-
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2012	Nil

The weighted average exercise price for options outstanding is Rs. 10 under program 1, Rs. 50 under program 2, Rs. 380.25 under program 4, Rs. 390.41 under program 5 and Rs. 495.12 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2012 was Rs. 10 under program 1, Rs. 50 under program 2, Rs. 250 under program 3, Rs. 308.77 under program 4, Rs. 161.56 under program 5 and Rs. 355 under DSOP 2006.

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:

Rs. in million except EPS data

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net profit as reported	2,187	1,231
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	78	67
Proforma net profit	2,109	1,164
Basic earnings per share as reported	54.27	30.93
Proforma basic earnings per share	52.34	29.25
Diluted earnings per share as reported	54.18	30.10
Proforma diluted earnings per share	52.25	28.46

During the year ended March 31, 2012, 110,000 options were granted by the Company.

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2012 was Rs. 333.01.

G. 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 31,2012

Sl. No.	Name	Designation	Qualification	Age (Years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (Rs.)
1	Mr. Anjan Lahiri	President & CEO	MBA	46	Cambridge Technology	Director	5-Aug-99	7,635,638
2	Mr. Balaji Krishnan	Vice President	BE	45	IR Multi-Media Solutions	Project Manager	10-Nov-99	6,095,107
3	Mr. George Zacharias	Executive Vice President	BE	53	Sevenstrata IT Services	Chief Executive Officer	1-May-10	8,731,673
4	Mr. Janakiraman S	Chief Technology Officer	M.Tech	55	Wipro	Vice President	20-Oct-99	14,844,536
5	Mr. Krishnakumar Natarajan	Chief Executive Officer & MD	PGDM	55	Wipro	Group President	5-Aug-99	21,474,489
6	Mr. Parthasarathy N S	President & CEO	M.Tech	51	Wipro	General Manager	14-Aug-99	7,927,883
7	Mr. Ram Mohan	Senior Vice President	BE	49	Vinciti AQ	Chief Operating Officer	19-Jan-06	7,825,797
8	Mr. Rostow Ravanan	Chief Financial Officer	CA	41	Lucent Technologies	Business Value Manager	5-Aug-99	6,102,777
9	Mr Subroto Bagchi	Vice Chairman	BA	55	Lucent Technologies	Vice President	1-Sep-99	14,506,168
Part of the year								
10	Mr. Amaresh Makal	Associate Manager	BE	36	Align Biz Technologies	Project Lead	5-Apr-10	102,884
11	Mr. Dinesh Rai	Program Director	PGDM	52	Yokogawa India Ltd.	-	5-Oct-06	1,838,948
12	Ms. Gayathri Arumugam	Test Manager - Testing	Dip in Telecom	35	Ness technology	Senior Software Engineer	17-Oct-05	315,946
13	Mr. Girish Subramanyam	Test Specialist		30	RelQ Software (HP India)	Senior Test Engineer	16-Jan-08	120,345
14	Mr. Gopalakrishnan Palakkil	Senior Vice President - IT Services	MBA	51	Wipro	Deputy Manager	5-Nov-08	1,798,750
15	Ms. Manjula T R	Test Lead	B.Tech	32	Infinet Technologies	Software Test Engineer	16-Aug-06	114,766
16	Mr. Praveen Vadnala	Technical Lead	M.Tech	28	Fresher	N/A	3-Jul-06	90,400
17	Mr. Rahul Das	Technical Specialist	BE	29	Tata Elxsi Limited	Senior Engineer-wireless	27-Nov-08	140,000
18	Mr. Raja V Shanmugam	CEO MindTree Foundation	MBA	48	Wipro Infotech	Business Manager	6-Mar-00	544,915
19	Mr. Rajanna K	Senior Project Lead	Dip in Electronics	34	India Satcomm Ltd.	Co-ordinator	19-Jul-04	171,118
20	Mr. Rajesh Kannan	Consultant	MA	38	Zip Industries Ltd.	Deputy Manager HR & Admin	9-Apr-07	139,318
21	Mr. Rajesh Zele	Vice President	PhD	43	Alereon Semiconductors	Director	25-Nov-08	2,844,016
22	Mr. Raju Chellaton	Vice President - IMTS	B.Tech	46	Verizon Communications	Senior Manager	14-Jun-04	3,629,861
23	Mr. Reshama Sahu	Associate Director	MBA	40	Sasken	Consultant (HRD Group)	31-May-10	151,707
24	Mr. Salil Godika	Chief Strategy Officer	M.Tech	40	Dassault	Director	26-Feb-07	1,434,736
25	Mr. Sivakumar K S	Technical Lead - IMTS	M.Sc	43	Infotech Global (India)	Project Lead	3-Oct-07	156,796
26	Ms. Vijayalakshmi N	Administrator	B.Sc.	59	Wipro	Secretary to the Controller - F & A Planning	9-Aug-99	296,344

Notes

1. Remuneration above is on cost to company basis, i.e. basic salary, all perks and allowances, incentives and employer's contribution to provident fund.
2. None of the employees is related to any director of the Company.
3. The terms of employment of the above-referred employees/directors are contractual and they perform such duties as prescribed there under.
4. None of the above-referred employees holds shares exceeding 1% as on March 31, 2012 except for Mr.Subroto Bagchi, Mr. Parthasarathy N S, Mr. Krishnakumar Natarajan and Mr. Janakiraman S.

For and on behalf of the
board of directors

Bangalore
April 16, 2012

Subroto Bagchi
Chairman

Auditors' Certificate on Corporate Governance

To the Members of MindTree Limited,

We have examined the compliance of conditions of corporate governance by MindTree Limited ('the Company'), for the year ended on March 31, 2012, 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 further 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 & Co.**
Chartered Accountants
Firm Registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
April 16, 2012

Corporate Governance Report

Company Philosophy

MindTree Limited (formerly MindTree Consulting Limited, hereinafter referred to as '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 and its 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 applicable to all MindTree Minds. All MindTree Minds, irrespective of level, role and location are bound by it. The policy is explained to Minds who are expected to steer compliance throughout the organization.

In the conduct of MindTree's business and in our 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 leads the strategic management of the Company on behalf of the shareholders, exercises 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 Thirteenth Annual General Meeting ('AGM')

The Thirteenth Annual General Meeting ('AGM') for the year 2011-12 is scheduled on Monday, July 16, 2012 at 3.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001, 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 3.00 p.m. on July 14, 2012.

Annual general meetings of earlier years

For the year 2008-09, we held our 10th AGM on July 3, 2009 at 10.00 a.m. 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.

For the year 2009-10, we held our 11th AGM on July 20, 2010 at 10.00 a.m. at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore- 560 025, Karnataka, India and a special resolution was passed for approval for creation of "MindTree Limited- Employee Stock Option 2010 A" – (Program 7) and further issue of equity shares thereunder.

For the year 2010-11, we held our 12th AGM on July 21, 2011 at 1.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore-560 001, Karnataka, India and a special resolution was passed for approval of payment of commission to executive directors of the Company.

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

For the year 2008-09, we held our EGM on December 22, 2008 at 1.00 p.m. at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore- 560 025. The following two special resolutions were passed:

(i) To approve employee stock option plan- ESOP 2008 A scheme (Program 5).

(ii) To approve issue of stock options to employees of subsidiary companies.

No Extra-Ordinary General Meeting was conducted for the year 2009-10.

For the year 2010-11, we held our EGM on April 20, 2010 at 12.00 noon at the registered office of the Company situated at Global Village, RVCE Post, Mysore Road, Bangalore – 560059 to approve further issue of equity shares.

No Postal ballot was conducted during the financial year ending March 31, 2012.

Financial year 2012-13

Our tentative calendar for declaration of results for the financial year 2012-13 is given as below:

Financial Results	Likely date for release of results
For the quarter ending June 30, 2012	July 15, 2012
For the quarter ending September 30, 2012	October 16, 2012
For the quarter ending December 31, 2012	January 18, 2013
For the year ending March 31, 2013	April 19, 2013
14th Annual General Meeting	July 19, 2013

Dividend for the year 2011 -12

Your BOD had declared an interim dividend of Rs.1.50 per share and special dividend of Re.1.00 per share i.e. Rs. 2.50 per share on the equity shares of Rs. 10 each (par value) on October 17, 2011 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 1, 2011. Your BOD has also recommended a final dividend of Rs.1.50 per share on the equity shares of Rs.10 each (par value) for the year ended March 31, 2012. Dividend if approved at the thirteenth annual general meeting will be paid to the shareholders within the statutory period.

Recognition and Awards

Your Company believes in ethical business conduct, integrity, transparency and commitment to values which in turn enhance and retain stakeholders' trust. The details of Recognition and Awards are given elsewhere in this report.

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), 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 ids/addresses are 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 08/25564. 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, 2012, 99.61% of the Company's shares are held in electronic/demat form.

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 BOD at their quarterly meeting.

For shares transferred in electronic form, after confirmation of sale / purchase transaction from the broker, shareholders should approach their respective depositary 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 share transfer agent. For matters regarding shares held in demat form and for matters related to dividends, change of address, change of bank mandates, etc., shareholders should communicate directly with their respective DP.

Address of Share Transfer Agent

Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, India
Tel: +91 22 2596 3838 Extn: 2303 | Fax: +91 22 2594 6969 | e-mail: manohar.shirwadkar@linkintime.co.in | Website: www.linkintime.co.in

Address for correspondences with regard to the Company

MindTree Limited, Rajesh S Narang, Compliance Officer, Tel: +91-80-6706 4868 or 6706 4000 Extn: 4868 | Fax: +91-80-6706 4100
e-mail: investors@mindtree.com or rajesh_narang@mindtree.com | Website: www.mindtree.com

Registered Office

Global Village, RVCE Post, Mysore Road, Bangalore 560 059, Karnataka, India.
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, 2012:
Bombay Stock Exchange Limited ('BSE')
National Stock Exchange of India Limited ('NSE')

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

Listing fees for FY 2011-12 has been paid for both NSE and BSE.

ISIN Number: INE018I01017

Distribution of Shareholding

Range of equity shares held	As at March 31, 2012				As at March 31, 2011			
	No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
Up to 500	57,082	97.96	2,101,165	5.18	61,469	97.98	2,235,511	5.58%
501-1,000	452	0.78	331,528	0.82	541	0.86	392,716	0.98%
1,001-2,000	295	0.51	421,117	1.04	320	0.51	450,462	1.13%
2,001-3,000	110	0.18	278,450	0.69	105	0.17	265,887	0.66%
3,001-4,000	71	0.13	243,613	0.60	54	0.09	187,638	0.47%
4,001-5,000	33	0.06	150,941	0.37	45	0.07	201,952	0.50%
5,001-10,000	93	0.15	648,063	1.60	84	0.13	579,262	1.45%
10,001 and above	134	0.23	36,369,046	89.70	120	0.19	35,721,759	89.23%
Total	**58,270**	**100%**	**40,543,923**	**100%**	**62,738**	**100%**	**40,035,187**	**100%**

Shareholding pattern as at March 31, 2012

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares			Shares pledged or otherwise encumbered	
				As a %age of (A+B)	As a %age of (A+B+C)		No of shares	As a percentage
(A) Shareholding of Promoter and Promoter Group								
(1) Indian								
Individuals/ Hindu Undivided Family	6	6,354,352	6,354,352	15.67	15.67	0.00	0	0.00
Central Government/ State Government(s)	-	-	-	0.00	0.00	0.00	0	0.00
Bodies Corporate	-	-	-	0.00	0.00	0.00	0	0.00
Financial Institutions/ Banks	-	-	-	0.00	0.00	0.00	0	0.00
Any Other (specify) (PAC)	2	250,000	250,000	0.62	0.62	0.00	0	0.00
Sub-Total (A)(1)	**8**	**6,604,352**	**6,604,352**	**16.29**	**16.29**	**0.00**	**0**	**0.00**
(2) Foreign								
Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	0.00	0.00	0.00	0	0.00
Bodies Corporate -	1	1,580,663	1,580,663	3.90	3.90	0.00	0	0.00
Institutions	-	-	-	0.00	0.00	0.00	0	0.00
Any Other (specify)	-	-	-	0.00	0.00	0.00	0	0.00
Sub-Total (A)(2)	**1**	**1,580,663**	**1,580,663**	**3.90**	**3.90**	**0.00**	**0**	**0.00**
Total Shareholding of Promoter and Promoter Group								
Group (A)= (A)(1)+(A)(2)	**9**	**8,185,015**	**8,185,015**	**20.19**	**20.19**	**0.00**	**0**	**0.00**
(B) **Public shareholding**								
(1) Institutions								
Mutual Funds/ UTI	39	2,964,748	2,964,748	7.31	7.31	0.00	0	0.00
Financial Institutions/ Banks	10	909,438	909,438	2.24	2.24	0.00	0	0.00
Central Government/ State Government(s)	-	-	-	0.00	0.00	0.00	0	0.00
Venture Capital Funds	-	-	-	0.00	0.00	0.00	0	0.00
Insurance Companies	-	-	-	0.00	0.00	0.00	0	0.00
Foreign Institutional Investors	42	8,046,292	8,046,292	19.85	19.85	0.00	0	0.00
Foreign Venture Capital Investors	-	-	-	0.00	0.00	0.00	0	0.00
Any Other (Trust)	-	-	-	0.00	0.00	0.00	0	0.00
Sub-Total (B)(1)	**91**	**11,920,478**	**11,920,478**	**29.40**	**29.40**	**0.00**	**0**	**0.00**

Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares			Shares pledged or otherwise encumbered	
				As a %age of (A+B)	As a %age of (A+B+C)		No of shares	As a percentage
(2) Non-institutions								
Bodies Corporate	589	11,207,154	11,207,154	27.64	27.64	0.00	0	0.00
Individuals	-	-	-	0.00	0.00	0.00	0	0.00
I. Individual shareholders holding nominal share capital upto Rs.1lakh.	56,641	3,680,597	3,564,282	9.08	9.08	0.00	0	0.00
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	41	946,105	932,880	2.33	2.33	0.00	0	0.00
Any Other (specify)				0.00	0.00	0.00	0	0.00
1. N R I	558	185,264	158,285	0.46	0.46	0.00	0	0.00
2. N R N	173	126,778	126,778	0.31	0.31	0.00	0	0.00
3. Foreign National	9	221,690	219,790	0.55	0.55	0.00	0	0.00
4. Clearing members	148	72,456	72,456	0.18	0.18	0.00	0	0.00
5. Foreign Companies	1	3,964,205	3,964,205	9.78	9.78	0.00	0	0.00
6. Director	1	10,000	10,000	0.02	0.02	0.00	0	0.00
7. Trust	9	24,181	24,181	0.06	0.06	0.00	0	0.00
8. HUF	-	-	-	0.00	0.00	0.00	0	0.00
Sub-Total (B)(2)	**58,170**	**20,438,430**	**20,280,011**	**50.41**	**50.41**	**0.00**	**0**	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	**58,261**	**32,358,908**	**32,200,489**	**79.81**	**79.81**	**0.00**	**0**	0.00
TOTAL = (A)+(B)	**58,270**	**40,543,923**	**40,385,504**	**100.00**	**100.00**	**0.00**	**0**	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-
1. Promoters	-	-	-	-	-	-	-	-
2. Public	-	-	-	-	-		-	-
Sub-Total (C)	**-**	**-**	**-**		**-**	**-**	**-**	**-**
GRAND TOTAL (A)+(B)+(C)	**58,270**	**40,543,923**	**40,385,504**	**100.00**	**100.00**	**0.00**	**0**	**0.00**

Second Tier: Governance by the BOD

Composition:

The Company has a balanced mix of executive and non-executive directors. As at closing of March 31, 2012, the board had 8 members consisting of five non-executive members and three executive members. Of the five non-executive directors, four are independent directors. The Chairman of the board for the financial year 2011-12 was Dr. Albert Hieronimus.

Directorship held as on March 31, 2012 in companies other than MindTree:

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**
Mr. Krishnakumar Natarajan	Founder and CEO & Managing Director	None	55	-	-	-
Mr. Subroto Bagchi	Founder and Executive Director	None	55	-	-	-
Mr. S. Janakiraman	Founder and Executive Director	None	55	-	-	-
Mr. V.G. Siddhartha	Non-Executive Director, Nominee Director for Global Technology Ventures Limited, an equity investor in the Company.	None	52	3	-	1
Dr. Albert Hieronimus	Non-Executive Director and Independent Director	None	65	1	-	-
Mr. George M. Scalise**	Non-Executive Director and Independent Director	None	78	-	-	-
Mr. Mark A. Runacres**	Non-Executive Director and Independent Director	None	52	1	-	-
Mr. N. Vittal**	Non-Executive Director and Independent Director	None	74	2	-	-
Mr. R. Srinivasan	Non-Executive Director and Independent Director	None	70	11	3	4
Prof. David. B.Yoffie	Non-Executive Director and Independent Director	None	57	-	-	-
Mr. Rajesh Subramaniam*	Non Executive Director, Nominee Director for Walden Software Investments Limited, an equity investor in the Company.	None	40	1	-	1
Prof. Pankaj Chandra***	Non-Executive Director and Independent Director	None	53	1	-	-

* Ceased to be director w.e.f. July 31, 2011.

** Ceased to be director w.e.f. March 31, 2012 .

*** Appointed as an additional director w.e.f. March 19, 2012.

Board Meetings

The calendar of BOD meetings is decided in consultation with the BOD and the schedule of such meetings is communicated to all directors in advance, to enable them to schedule their effective participation during our board meetings. Our board met four times in the financial year 2011 - 12 on April 21, 2011, July 20, 2011, October 17, 2011 and January 18, 2012.

The attendance of directors at the board meetings and last AGM held on July 21, 2011:

Name of the Directors	Attendance at board meetings/total meetings	Whether attended last AGM (Yes/No)
Mr. Subroto Bagchi	4/4	Yes
Mr. Siddhartha V. G.	4/4	No
Mr. Krishnakumar Natarajan	4/4	Yes
Dr. Albert Hieronimus	4/4	No
Mr. George. M. Scalise**	3/4	No
Mr. Mark. A. Runacres**	3/4	No
Mr. Vittal N **	4/4	Yes
Mr. Srinivasan R.	4/4	No
Mr. Janakiraman S.	4/4	Yes
Mr. David. B. Yoffie	3/4	No
Mr. Rajesh Subramaniam*	2/4	No
Prof. Pankaj Chandra***	0/4	No

Directors' shareholding in the Company as on March 31, 2012:

Name of Directors	No. of equity shares of Rs. 10/- each
Mr. Subroto Bagchi	2,078,435
Mr. Siddhartha V. G.	-
Mr. Krishnakumar Natarajan	1,985,078
Dr. Albert Hieronimus	23,333
Mr. George. M. Scalise**	-
Mr. Mark. A. Runacres**	974
Mr. Vittal N.**	-
Mr. Srinivasan R.	10,000
Mr. Janakiraman S.	1,000,337
Mr. David. B. Yoffie	-
Mr. Rajesh Subramaniam*	-
Prof. Pankaj Chandra***	-

* Ceased to be director w.e.f. July 31, 2011 .
** Ceased to be director w.e.f. March 31, 2012 .
*** Appointed as an additional director w.e.f. March 19, 2012.

Directors retiring by rotation

Dr. Albert Hieronimus, Mr.R. Srinivasan and Mr.Siddhartha V.G will be retiring by rotation and being eligible, offer themselves for reappointment in the ensuing thirteenth annual general meeting (AGM). Their brief resumes are attached to the notice of thirteenth annual general meeting (AGM). The BOD has recommended their re-appointment and seeks shareholders' approval.

Additional director being appointed under section 257 of the Companies Act, 1956

The BOD has also recommended that Prof. Pankaj Chandra who was appointed as an additional director of the Company by the BOD on March 19, 2012 and who ceases to hold office on the date of the thirteenth annual general meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing, proposing his candidature for the office of director, be and is hereby recommended to be appointed as director of the Company liable to retire by rotation.

Disclosure of related party transactions

During the year 2011-12, 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 of the annual report.

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, 2011 to March 31, 2012:

The Company has complied with all requirements prescribed by SEBI and other statutory authorities on all matters relating to capital market from the period April 1, 2011 to March 31, 2012.

Whistle Blower Policy

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 morefully described in the risk management section and these procedures are periodically reviewed by BOD to ensure effective controls.

Information provided to the BOD

- 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 judgment 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 and 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' services 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 program, the Company endeavors 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, commission (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 and shareholders.

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 10th 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 of the Company.

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. The notice period in case of resignation is 6 months. The managing director and executive directors have 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 services are determined by the Shareholders' agreement between the promoters of the Company and the investors.

Independent Directors and/or Non-Executive Directors

Period of contract and notice pay is not applicable to the independent directors. They are subject to retirement by rotation. There is no severance pay to any of the independent directors.

Stock Options to Independent Directors and/or Non-Executive Directors

The following table shows the details of stock options granted to independent directors and/or non-executive directors outstanding as at March 31, 2012. The contractual life of each option is 4 years after the date of the grant.

Name	Grant Date	Stock options (No.)	Grant price
Dr. Albert Hieronimus	16-Jul-08	20,000	Rs.355
Dr. Albert Hieronimus	31-Dec-10	35,000	Rs.560
Prof. David. B. Yoffie	01-Dec-08	30,000	Rs.238
Prof. David. B. Yoffie	31-Dec-10	35,000	Rs.560
Mr. R. Srinivasan	31-Dec-10	15,000	Rs.560
Mr. Mark. A. Runacres	31-Dec-10	15,000	Rs.560
Mr. N. Vittal	31-Dec-10	15,000	Rs.560

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, 2012 are given below:

Name of the Shareholder	No. of shares held	% to share capital of the Company
Walden Software Investments Limited (till July 31, 2011)	3,964,205	9.78%
Global Technology Ventures Limited	2,648,561	6.53 %

Secretarial Audit

The Company has also appointed Shankar Prasad G, to conduct the Secretarial Audit of records and documents of the Company. The secretarial audit report confirms that the Company is in compliance with all the applicable provisions of the Companies Act, 1956, Listing Agreements with the stock exchanges, Depositories Act,1996 and all the guidelines and regulations of the Securities and Exchange Board of India(SEBI). The 'Reconciliation of Share Capital Audit' was also undertaken on a quarterly basis and the audit covers the reconciliation of the total admitted capital with National Securities Depository Limited(NSDL) and Central Depository Services(India) Limited (CDSL) and the total issued and listed capital.

The audit has confirmed that the aggregate of the total issued/paid up capital is in agreement with the total number of dematerialized shares held with NSDL and CDSL and the total number of shares in physical form. As a measure of good corporate governance, the Company also voluntarily adheres to the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Details of Remuneration to all Directors during the year 2011-2012

Name	Fixed Salary (Incl Perks)	Sitting Fees	Commission	Total Compensation
Mr. Subroto Bagchi	7,222,712	-	7,283,456	14,506,168
Mr. Krishnakumar Natarajan	7,791,389	-	13,683,100	21,474,489
Mr. S. Janakiraman	7,367,439	-	7,477,097	14,844,536
Dr. Albert Hieronimus	-	60,000	7,465,425	7,525,425
Mr. George. M. Scalise	-	30,000	5,185,000	5,215,000
Prof. David. B. Yoffie	-	30,000	2,450,500	2,480,500
Mr. Mark. A.Runacres	-	90,000	1,210,000	1,300,000
Mr. R. Srinivasan	-	40,000	1,000,000	1,040,000
Mr. N. Vittal	-	120,000	1,840,000	1,960,000

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

Board Committees

The Board has constituted the following 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 six committees:

1. Audit committee
2. Investor Grievances committee
3. Compensation committee
4. Administrative committee
5. Strategic Initiatives committee
6. Nominations and corporate governance 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 20, 2011, July 20, 2011, October 17, 2011 and January 18, 2012.

Members of audit committee and details of the attendance of directors are given below:

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

- Dr. Albert Hieronimus, Chairman, Independent Director
- Mr. Subroto Bagchi, Executive Director
- Mr. S. Janakiraman, Executive Director
- Mr. Rajesh Srichand Narang, Vice President - Legal & Company Secretary acts as the Compliance Officer.

The investor grievances committee met on April 20, 2011 and October 17, 2011. All the members of the committee were present in all the meetings.

Details of complaints received and resolved for the year ended March 31, 2012 are as below:

Nature of complaints	Opening	Received	Resolved	Outstanding as at March 31,2012
Non-receipt of refund orders and/or non-credit of shares in dematerialised account, etc.,	-	44	44	-

Compensation / Remuneration 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 directors' 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 directors' compensation.

The compensation committee comprised of the following:

- Mr. Mark . A. Runacres, Chairman, Independent Director
- Mr. Siddhartha V.G, Member, Non-Executive Director
- Mr. R. Srinivasan, Independent Director
- Mr. Babuji Abraham, Senior Vice President and Head- People Function is the Secretary to the Compensation Committee.

The Compensation Committee met once on October 17, 2011 during the year. All the members of the committee were present in all the meetings.

Market Price Data

The equity shares of the Company were listed in the stock exchanges for FY 2011-12. 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:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Rs. Lakhs)	High (Rs.)	Low (Rs.)	Volume (Rs. Lakhs)
Apr -11	424.00	365.10	4,490	424.00	366.00	874
May -11	373.70	343.70	1,223	372.90	344.00	187
June- 11	430.00	345.15	18,357	426.60	346.65	2,336
July- 11	444.95	351.20	61,191	434.25	351.00	10,507
August -11	429.85	321.00	32,387	428.00	321.20	921
September -11	362.00	287.65	26,709	362.00	338.50	903
October -11	420.00	331.55	24,333	414.85	336.00	2,342
November -11	418.80	382.55	15,987	419.70	385.30	934
December -11	425.00	390.10	13,654	425.90	380.25	217
January -12	498.00	385.00	11,704	525.00	386.10	1,544
February -12	480.00	430.70	9,771	492.90	371.70	2,586
March -12	503.50	437.70	4,851	503.50	421.95	812

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. Krishnakumar Natarajan – Chairman

Mr. Subroto Bagchi - Member

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:

- Mr. Krishnakumar Natarajan, Chairman
- Dr. Albert Hieronimus, Member
- Mr. R. Srinivasan, Member
- Mr. V. G. Siddhartha, Member

The frequency, notice, agenda, duration, etc., for meetings of the strategic initiatives committee shall be set by the Chairman of the committee.

Nominations and Corporate Governance Committee

The board had constituted this committee to:

- Identify potential candidates to become board members.
- Recommending nominees to various committees of the board.
- Recommending remuneration for non-executive directors.
- Ensuring that appropriate procedures are in place to assess board's effectiveness.
- Developing an annual evaluation process of the board and its committees.

The members of the committee are Dr. Albert Hieronimus, Chairman, MR. V.G. Siddhartha, Member and Mr. Subroto Bagchi, Member. The frequency, agenda, duration, etc., are as set by the Chairman of the committee.

Governance by the Management:

Details of Public Issue and Utilization thereof

During FY 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.

The utilization of IPO proceeds is as below:

(Rupees in million)

Particulars	Projection in Prospectus	Variation approved by shareholders*	Actual funds 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 utilization 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.

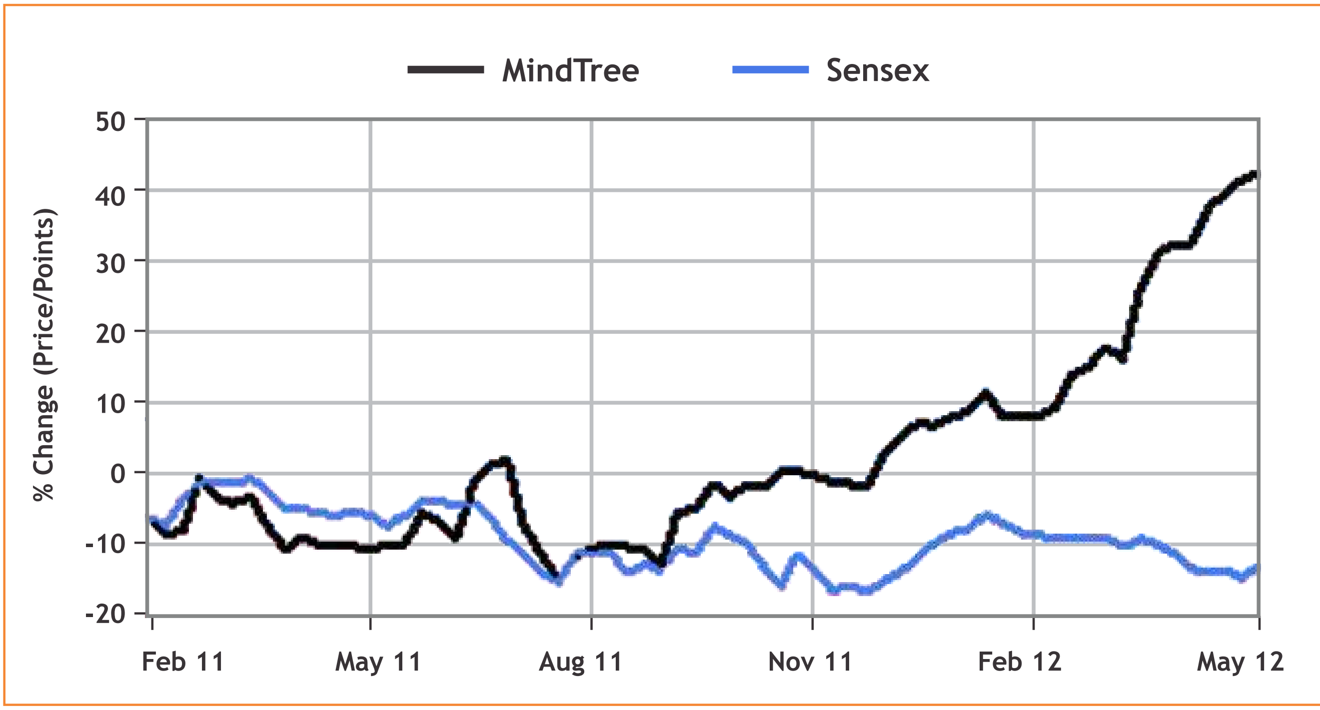
CEO/CFO Certification

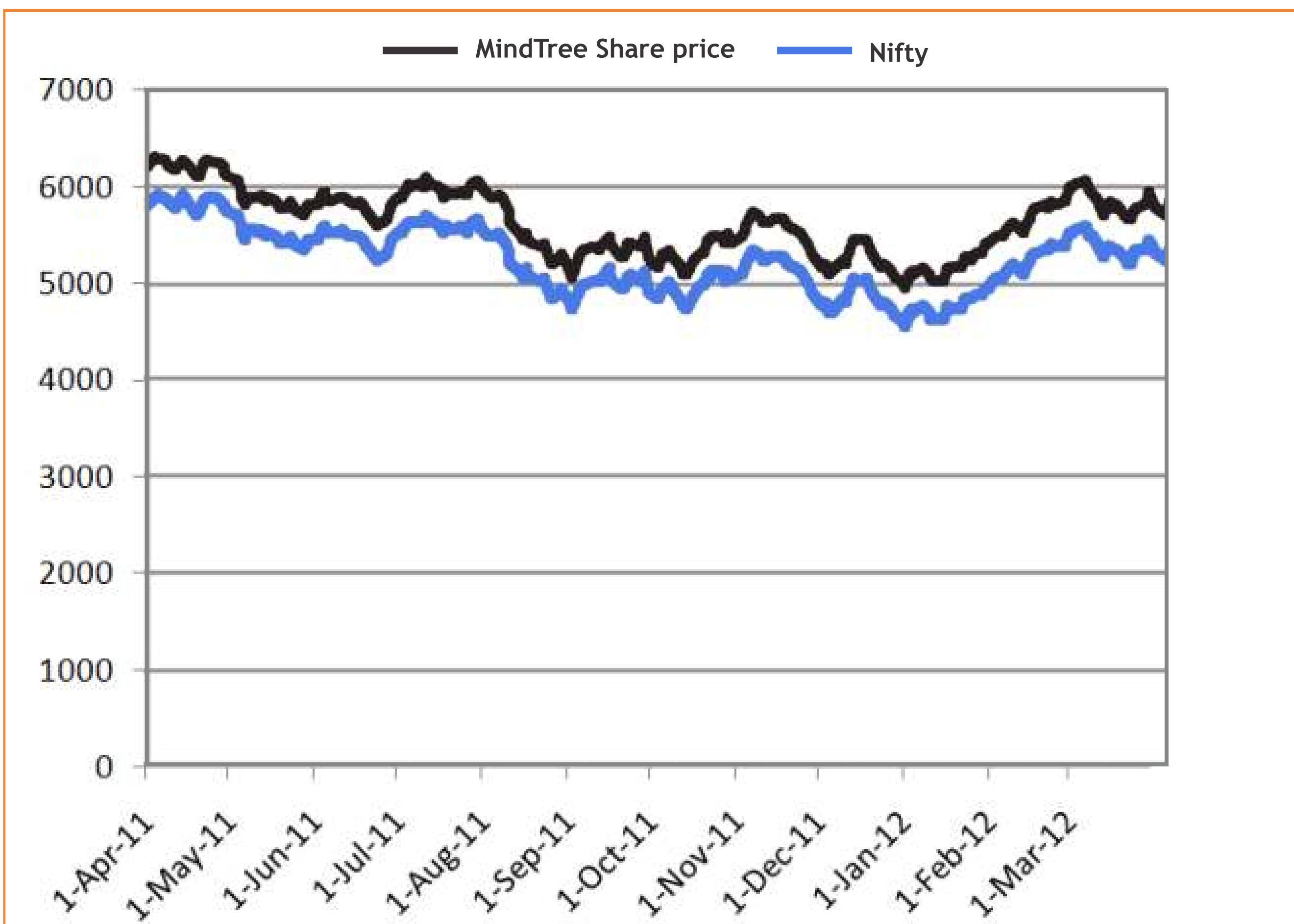
As required by clause 49 of the listing agreement, the CEO/CFO certification is provided elsewhere in the annual report.

Auditor's 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 Share Price Movement Compared to CNX Nifty and BSE Sensex





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.

Economy & Indian IT Industry

Global Economy saw a slow recovery in 2011 (3.8% growth in 2011 as compared to 5.2% in 2010, as per IMF), owing to strains in the euro-area and shocks in Japan. 2012 is expected to see a much slower, subdued recovery (3.3% growth), with escalating downside risks that include growing concerns of a mild recession in the euro-area causing spill-overs in other economies and slower growth in emerging economies due to poor domestic demand and an uncertain external environment. Emerging economies are expected to grow by 5.4%; the advanced economies by 1.2% and the euro-area likely to contract by 0.5%.

However, there are few positive signs of recovery in the U.S., with the unemployment rate in the U.S. touching a 3-year low of 8.3% (in Feb 2012) and industrial production showing an upward trend (with the index of industrial production touching a 3.5-year high of 96.2 in Jan-Feb 2012).

Though the overall economic outlook appears sluggish, global spending on technology continues to grow and the global IT offshoring market is expected to grow much faster (as per NASSCOM Strategic Review 2012). India currently accounts for about 74% of the global IT offshoring market.

	2011	2012 (estimate)	2013 (estimate)	CAGR (2011-2013)
Global IT Services Spending (USD billion)	605	631	661	4.5 %
Global IT Offshoring Market (USD billion)	72	77	84	8.0 %

Source: NASSCOM: “The IT-BPO Sector in India - Strategic Review 2012”

NASSCOM estimates that the Indian IT and BPO exports is at $ 59 billion in FY12, a growth of 16.3% and is likely to grow at 11-14% in FY13. The U.S. continues to be the single largest customer market for IT services. Mature verticals such as BFSI and Manufacturing continue to drive a large share of the IT offshoring market and emerging verticals such as healthcare, telecom, media and retail continue to grow.

While Custom Application Development and Management is the largest among IT service lines, IS Outsourcing is expected to grow the fastest in the next few years, followed by Testing, Knowledge Services and IT Consulting. There has been a marked change in IT outsourcing deals in recent times, with a significantly large number of these being “smaller” deals (less than USD 100 million contracts).

The future of the IT services industry shall be defined by “Consumerisation of IT”, characterized by customers focusing on IT as a key differentiator to their businesses and IT service providers investing in a combination of services, solution accelerators, products and platforms, to deliver customer-value. Customers have started demanding “transformative” value propositions, which is leading to a decisive shift in the industry landscape, towards “as-a-service” offerings. Emerging trends in Mobility, Social Media, Big Data / Analytics and Cloud shall redefine the technology landscape of the future.

Indian IT services vendors have been increasingly focusing on strengthening front-ending teams, deepening vertical specialization, expanding services portfolio, building non-linear revenue streams and global delivery models. Conscious of the increasing concerns of protectionism, Indian IT majors have been ramping up their onshore and nearshore presence.

Financial Performance

The financial performance discussed below is based on the consolidated financial results of MindTree Ltd. (also referred to as ‘Group’ or ‘MindTree’ or ‘Company’) for the year ended March 31, 2012.

Income

Revenue for the year is Rs. 19,152 million signifying a growth of 26.9% in Rupee terms and 21.7% in dollar terms. We have 237 active customers as at March 31, 2012 of which 37 are Fortune 500 accounts.

Our million dollar client count is as follows:

No of million dollar clients	March 31, 2012	March 31, 2011
$1 million clients	77	67
$5 million clients	17	14
$10 million clients	7	6
$ 20 million clients	4	1

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, 2012	March 31, 2011
Fixed price	35.8%	34.3%
Time and Material	64.2%	65.7%
Total	**100.0%**	**100.0%**

Our revenue breakdown by service offerings is given below:

Service offerings	March 31, 2012	March 31, 2011
Development	40.1%	47.4%
Maintenance	24.2%	21.4%
Consulting and IP Licensing	4.6%	3.6%
Package Implementation	3.7%	3.2%
Independent Testing	17.6%	17.5%
Infrastructure Management and Tech Support	9.8%	6.9%
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, 2012	March 31, 2011
Effort mix		
Onsite	12.8%	11.4%
Offshore	87.2%	88.6%
Total	**100.0%**	**100.0%**
Revenue mix		
Onsite	33.6%	30.2%
Offshore	66.4%	69.8%
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 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, 2012	%	March 31, 2011	%
America	11,104	57.9	9,346	61.9
Europe	5,013	26.2	2,885	19.1
India	1,490	7.8	1,284	8.5
Rest of World	1,545	8.1	1,575	10.5
Total	**19,152**	**100.0**	**15,090**	**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:

(Rs. million)

Year ended	March 31, 2012	%	March 31, 2011	%	Growth %
IT Services	12,558	65.6	8,783	58.2	43.0
PE Services	6,594	34.4	6,307	41.8	4.6
Total	**19,152**	**100.0**	**15,090**	**100.0**	**26.9**

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

Industry Groups (Year ended)	March 31, 2012	March 31, 2011
ITS - Manufacturing	15.3%	14.7%
ITS - Banking, Financial and Insurance	21.2%	19.0%
ITS - Travel and Transportation	12.0%	12.3%
ITS - Others	17.1%	12.2%
PES	34.4%	41.8%
Total	**100.0%**	**100.0%**

Other income

Other income for the year ended March 31, 2012 is Rs. 385 million and has increased by Rs. 143 million over the previous year (Rs. 242 million). This is mainly because of higher interest income, dividend income from investments and foreign exchange gain during the year.

Profitability and Margins

- EBITDA margins are at 15.3% as compared to 11.8% in the previous year. The main reasons for the increase in EBITDA margins are rupee depreciation of about 4.3% during the year and increased focus on operational excellence initiatives.
- Our effective tax rate is about 16.4% as compared to about 16.5% (after adjusting for the one time dividend tax paid on Aztec US subsidiary dissolution) in the previous year.
- PAT has increased by 115.1% to Rs. 2,185 million mainly because of the reasons explained above and due to our exit of the mobile business.

Segmental reporting

The Group's operations predominantly relate to providing IT Services and 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.

Effective April 1, 2011, the Group has reorganized its business units to be better aligned to market needs. Consequently the financial reporting of the business unit performance to the Management has also been updated with the new organization structure. Pursuant to such re-organization, Wireless business unit which was a separate reportable segment is now considered as part of PE services for the purpose of evaluating the unit's performance and for making decisions about future allocations of resources (as these are now part of same services). Consequently, Wireless business unit is no longer considered a separate business segment. The Group has presented its segment results under IT services and PE services which are the only reportable business segments. The previous period figures have been presented after incorporating the necessary reclassification pursuant to this change in reportable segments.

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

Rs. in million

Consolidated statement of profit and loss for year ended March 31, 2012	IT Services	PE Services	Total
Revenues	12,558	6,594	19,152
Operating expenses, net	10,463	5,759	16,222
Segmental operating income	**2,095**	**835**	**2,930**
Unallocable expenses			695
Profit for the year before interest, other income and tax			**2,235**
Interest expense			(5)
Other income			385
Net profit before taxes			**2,615**
Income taxes			(430)
Net profit after taxes			**2,185**

Rs. in million

Consolidated statement of profit and loss for year ended March 31, 2011	IT Services	PE Services	Total
Revenues	8,783	6,307	15,090
Operating expenses, net	7,663	5,844	13,507
Segmental operating income	**1,120**	**463**	**1,583**
Unallocable expenses			517
Profit for the year before interest, other income and tax			**1,066**
Interest expense			(4)
Other income			242
Net profit before taxes			**1,304**
Income taxes			(288)
Net profit after taxes			**1,016**

Significant changes in Balance Sheet items

- Increase in reserves and surplus of Rs. 1,805 million due to:
  - o Securities premium account increased by Rs. 139 million because of exercise of employee stock options.
  - o General reserve increased from Rs. 533 million to Rs. 752 million due to current year transfer to reserve on account of dividend declaration (as per limits prescribed by the Companies Act).
  - o In accordance with AS 30, derivative instruments which qualify for cash flow hedge accounting, the resultant exchange loss is credited to hedging reserves to the extent of Rs. 250 million (previous year – gain of Rs. 81 million).
  - o Balance in Profit and loss account increased from Rs. 4,982 million to Rs. 6,760 million due to current year profits.
- Other long term liabilities have decreased by Rs. 172 million mainly because of decrease in derivative liabilities, as we do not have any long term contracts as at March 31, 2012.
- Short term borrowings have increased by Rs. 407 million as the company has availed a packing credit loan of USD 8 million which is secured against the trade receivables of the Company.
- Other current liabilities have increased by Rs. 996 million mainly due to increase in advances from customers (Rs. 23 million), employee related liabilities (Rs. 417 million), book overdraft (Rs. 38 million) and other liabilities (Rs. 538 million). Other liabilities have mainly increased due to the Mark to Market (MTM) provision on derivative liabilities. This is offset by decrease in unearned income.

- Short term provisions have increased by Rs. 194 million due to increase in employee benefits (Rs. 42 million), provision for taxes (Rs. 28 million), provision for discount (Rs. 60 million), provision for disputed dues (Rs. 49 million) and others (Rs. 15 million).
- Additions to fixed assets at March 31, 2012 was Rs. 282 million (prior year Rs. 1,162 million) mainly on account of Computer systems and software and leasehold improvements. Capital work in Progress is mainly on account of capex spend on our new Chennai and whitefield facilities.
- Long term loans and advances have increased by Rs. 128 million on account of capital advances (Rs. 75 million) on Chennai and Whitefield facilities and security deposits (Rs. 53 million).
- Other non current assets have increased by Rs. 147 million mainly due to increase in MAT credit entitlement.
- Our cash generation during the year has been healthy. Our cash and investments (net of short term borrowings) have increased from Rs. 1,564 million at March 31, 2011 to Rs. 3,270 million at March 31, 2012.
- The Days Sales Outstanding (DSO) at March 31, 2012 is 73 days as compared to 70 days at March 31, 2011.
- Other current assets have decreased by Rs. 97 million mainly because of decrease in advance tax and TDS (Rs. 81 million), derivative assets (Rs. 76 million), offset by increase in unbilled revenue (Rs. 42 million) and others (Rs. 18 million).

Strengths & Opportunities

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

Customer Relationships: We constantly persevere towards delighting our customers, by delivering the highest value in all of our customer-engagements. This is evident from the fact that over 98% of our revenues in the past 16 quarters has come from repeat business (existing customers). With time, we have demonstrated our ability to build and manage large client relationships and outsourcing engagements. We now have 4 customers in the $20 M+ category, when compared to just one $20M customer in the previous fiscal. We are ranked amongst the top global 100 IT companies in the Global Services (GS100) companies list, instituted by Global Services Media and NeoAdvisory. This recognition is based on our management excellence, customer maturity, global delivery maturity and breadth of services portfolio. Besides, we are ranked in the GS100 list in several other categories, including top global mid-tier IT outsourcing vendors; leading mid-tier Application Development and Maintenance vendors; top Engineering Services outsourcing vendors; top Product Engineering vendors and top emerging Infrastructure Management vendors. We are recognized among the top 20 IT Services Exporters by the National Association of Software and Service Companies (NASSCOM) for 2010-2011.

We conduct an annual customer experience survey with our clients to help us understand our clients' needs and expectations and improve our customer-centricity. 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 have helped increase customer satisfaction levels and is our competitive strength. In the MindTree Customer Experience Survey during the year, 81% of the respondents have indicated that they are "overall satisfied" with MindTree.

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 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 Portfolio of Services: We have developed a comprehensive range of services to ensure that we offer end-to-end IT services to our clients. With delivery centers in India and the U.S., we offer IT strategy consulting, application development and maintenance, data warehousing and business intelligence, package implementation, product architecture, design and engineering, embedded software, technical support, testing, infrastructure management, and knowledge processing 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 portfolio of service offerings helps our customers achieve their business objectives.

FY2012 was a milestone year for MindTree, as we crossed $100 million in quarterly revenues (Q2 FY12). Also, during the year, MindTree was selected as the "EPG Communication & Collaboration Partner of the Year 2011" by Microsoft. MindTree was named among the top 10 providers of Outsourcing/IT Integration services to the consumer goods industry in Consumer Goods Technology magazine's (CGT) 2011 Readers' Choice Survey. MindTree was chosen by CGT's subscriber base as one of their most valued and used solution and service providers. Forrester recognized MindTree as a Quality Vendor in testing services, with offerings in "Test Consulting, TCoE and Quality Management". MindTree was also ranked amongst the top 6 global R&D service providers, by Zinnov Management Consulting in its "Global R&D Service Providers Rating 2011".

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 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. To build near shore capability, we announced the opening of our first major US development center at Gainesville, Florida.

Preferred Place To Work: We have been consistently striving to ensure that we offer the best workplace for our employees. This is ascertained by the various industry accolades and awards we have won in this regard. MindTree was ranked 19th in the list of Top 25 Best Employers in India and ranked second amongst IT companies, by AON Hewitt Best Employers survey 2011.

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 completed our largest campus intake to date, having got 1800 campus Minds on board in FY12. We revamped our training programs to cater for this. Our plans to set up a world class training facility in Bhubaneswar will further strengthen our ability to increase campus intake & make them ready for projects faster.

In order to create a differentiated culture and preferred place to work, we have taken multiple steps. These include transparent evaluation criteria, continuous focus on training and new skills, competitive compensation packages, being a value-based organization, open communications policies and ability to prepare our people for leadership roles.

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. MindTree was featured as Asian Most Admired Knowledge Enterprise (MAKE) winner for the fourth consecutive year in 2011, instituted by Teleos in association with The KNOW Network. We also won the Global MAKE award for the second year in a row in 2011 and ranked second in the Indian MAKE award. MindTree bagged the NASSCOM IT User award 2012 under 'Social Media Adoption in an Enterprise' category for its intranet application called 'PeopleHub'.

Corporate Governance & Senior Leadership: We have an unrelenting focus on Corporate Governance and we continuously raise the bar on corporate governance standards. MindTree was awarded "Best Corporate Governance, India, 2012" by World Finance magazine and ranked third in India in the "Best overall for Corporate Governance" category in Asiamoney Corporate Governance Poll, 2011. Besides, 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. With the help of experts in the area of leadership assessment, a comprehensive assessment of our leadership team has been carried out to prepare our teams for greater roles and responsibilities. This transition has necessitated some changes and we have worked on them with speed and empathy.

In 2011, our MD and CEO, Krishnakumar Natarajan was awarded the CEO of the year (Emerging Companies Category) by Bloomberg UTV.

Threats, Risks & Concerns

Uncertain economic environment in leading economies like the US and Europe can impact demand for IT services: The overall business environment is a little uncertain given the macro economic issues in the US and Europe. The recent prediction by industry body NASSCOM of lowered growth expectation of 11-14% in FY13 for the Indian IT services Industry also kind of supports this view. One view of the economic situation is that given the low economic growth which is likely in the US and Europe, companies in these countries will look to outsource more to get higher business benefits with lower spends.

Legislation in existing markets could restrict companies to outsource: With about 58% of our revenues from US, any restrictions on outsourcing services and Visa's by US government negatively impacts our business. One example of this is, in recent times the rejection rates for L1 visa petitions, which are used for intra-company transfers of employees from foreign offices to US offices has gone up. Between 2005 and 2007, the denial rate for L-1 petitions ranged from 6 to 7%, in 2008 it rose to 22% and reached 27% in 2011. While this will not impact our business in a major way, any other substantive anti-outsourcing legislation 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 strategy in the past 12 months and going forward is centered on doing more with less and building deep domain expertise in our chosen areas. This approach should help us limit pressures on pricing.

Competition: To improve operational efficiency and market addressability we made changes to our organization structure about 12 months ago to keep it simpler and efficient. The focus also is to be in fewer domains and take a lead in many of them. We have two business units to address the market – IT services and Product Engineering Services (PES). With a view to provide end to end data & analytics services to customers, Data Warehousing and Business Intelligence practice and Knowledge Services was combined to form Data & Analytics Solutions (DAS). DAS became the third arm of our growth enablers – the other two being IMTS and Testing – to help ITS and PES drive higher growth. 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 have also expanded our global delivery model by establishing a dedicated development center in the US; we will be able to offer follow-the-sun delivery in collaboration with our teams in India, same time-zone support, as well as other local services to our clients. 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. Through the help of experts in the field of branding, we are also currently working on rebranding initiatives to reflect MindTree's new strategy and focus on the market.

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.

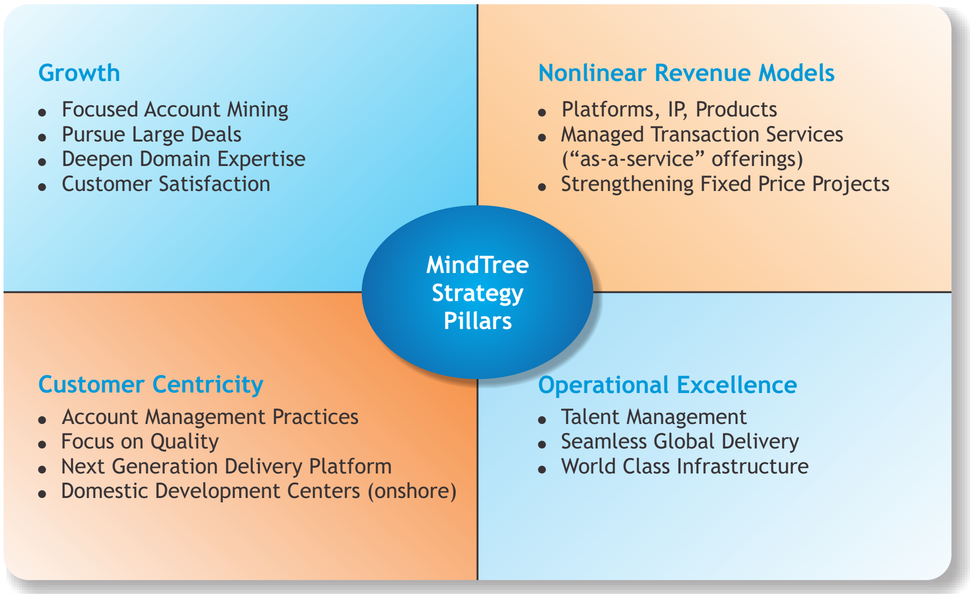
Foreign currency rate fluctuations: A major portion of our revenues are in foreign currencies and a significant portion of our expenses are in Indian Rupees. The exchange rate between the Rupee and the U.S. Dollar as well as other currencies has been very volatile in recent years and may continue similarly 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 are a global IT services company that engineers meaningful technology solutions to help businesses and societies flourish. We place significant emphasis on a collaborative spirit, unrelenting dedication towards our customers, expert thinking and high standards of corporate governance. Our endeavor is to create success for our customers through innovative solutions delivered by happy people at workplace.

In FY 2012, we identified four strategy pillars and that will continue into FY13 that will help us grow faster than the industry average as well as generate higher returns to all our stakeholders. The four pillars are as under:



The Management team is completely aligned to the simple and better structure and to the strategy. This will help us to execute more positively in the coming years.

Outlook

FY 2011-12 has been a great year. We got the leadership team to a “back to basics” approach. We focused on a few verticals and did deeper mining of existing relationships. The “back to basics” approach has helped to grow margins consistently each quarter. Going forward, we believe we will continue to deliver higher revenue growth than industry estimates in FY2012-13 and improve EBITDA margins further. We do however see the uncertain global environment and the currency volatility as our biggest risks.

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 11,000 people at March 31, 2012. This includes sales and support of 670 people.

Standalone Financial Statement

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINDTREE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MindTree Limited ("the Company"), which comprises the balance sheet as at March 31, 2012, the statement of profit and loss, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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, 2012;

(b) in the case of the statement of profit and loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
   (iv) in our opinion, the balance sheet, statement of profit and loss and the cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (v) on the basis of written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
April 16, 2012

Annexure to the Auditor's Report

The Annexure referred to in the Auditor's Report to the members of MindTree Limited ('the Company') for the year ended March 31, 2012. 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.

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. 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 Companies Act, 1956.

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, Income-tax, Sales-tax, Service tax, Customs duty, Cess and other material statutory dues have been generally 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, Wealth tax, Excise duty and Investor Education and Protection Fund.

   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, Cess and other material statutory dues were in arrears as at March 31, 2012 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 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, Service 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 2002-03	Honourable High Court of Karnataka**
Income Tax Act, 1961	Tax and interest	46,764*	Assessment year 2003-04	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	60,837	Assessment year 2004-05	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	28,484	Assessment year 2005-06	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	57,669	Assessment year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	118,620	Assessment year 2007-08	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	10,103	Assessment year 2008-09	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	34,604*	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	16,440	Assessment year 2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	6,480	Assessment year 2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	23,560	Assessment year 2009-10	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	1,630	Assessment year 2009-10	Commissioner of Income Taxes (Appeals), Bangalore

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	219,400	Assessment year 2008-09	Dispute Resolution Panel ('DRP'), Bangalore^
The Finance Act, 1994	Service tax	151,210	July 2003 to June 2007	Customs, Excise and Service Tax Appellate Tribunal, Pune
The Finance Act, 1994	Service tax	66,940	July 2007 to March 2008	Customs, Excise and Service Tax Appellate Tribunal, Pune
The Finance Act, 1994	Service tax and interest	11,290	July 2005 to March 2007	Customs, Excise and Service Tax Appellate Tribunal, Bangalore***
The Finance Act, 1994	Service tax and interest	24,270	July 2003 to March 2006	Customs, Excise and Service Tax Appellate Tribunal, Bangalore***
The Finance Act, 1994	Service tax and interest	22,680	Sept. 2004 to March 2007	Customs, Excise and Service Tax Appellate Tribunal, Bangalore***
The Finance Act, 1994	Tax, interest and penalty	64,469	July 2004 to Nov. 2005	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Finance Act, 1994	Tax, interest and penalty	3,116*	April 2007 to March 2008	Customs, Excise and Service Tax Appellate Tribunal, 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 Value Added Tax Act, 2003	Tax and interest	4,283*	April 2007 to March 2009	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 Company has preferred an appeal to the DRP in respect of the draft assessment order received for the Assessment Year 2008-09. The Company has not obtained the final assessment order as at the date of this report.

* The above amounts are net of amount paid under protest

** Stay granted by Hon'ble High Court of Karnataka vide order dated 4 November 2008

*** Stay granted by Customs, Excise and Service Tax Appellate Tribunal, Bangalore vide order dated 6 January 2012

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 loans 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. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
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 material fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
April 16, 2012

Balance Sheet

(Rs. in Million)

	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	405	400
Reserves and surplus	3.1.2	9,171	7,364
		9,576	**7,764**
Non-current liabilities			
Long term borrowings	3.2.1	37	41
Other long term liabilities	3.2.2	34	206
		71	**247**
Current liabilities			
Short term borrowings	3.3.1	407	-
Trade payables		140	167
Other current liabilities	3.3.2	2,434	1,441
Short term provisions	3.3.3	724	530
		3,705	**2,138**
		13,352	**10,149**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,548	2,951
Intangible assets	3.4.1	43	55
Capital work in progress		85	1
Non-current investments	3.4.2	30	30
Deferred tax assets (net)	3.4.3	320	216
Long-term loans and advances	3.4.4	544	416
Other non-current assets	3.4.5	258	111
		3,828	**3,780**
Current assets			
Current investments	3.5.1	3,075	1,105
Trade receivables	3.5.2	4,078	2,825
Cash and bank balances	3.5.3	585	440
Short term loans and advances	3.5.4	219	335
Other current assets	3.5.5	1,567	1,664
		9,524	**6,369**
		13,352	**10,149**

Significant accounting policies and notes to the accounts 2&3

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 16, 2012

Place: Bangalore
Date : April 16, 2012

Statement of profit and loss

(Rs. in Million)

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue from operations		19,152	15,090
Other income	3.6	384	461
Total revenues		**19,536**	**15,551**
Expense:-			
Employee benefit expense	3.7	12,261	9,853
Finance costs	3.7	5	4
Depreciation and amortisation expense	3.4.1 & 3.8	695	712
Other expenses	3.7	3,958	3,456
Total expenses		**16,919**	**14,025**
Profit before tax		**2,617**	**1,526**
Tax expense:			
Current tax	3.4.3	534	298
Deferred tax		(104)	(3)
Profit for the year		**2,187**	**1,231**
Earnings per equity	3.20		
Equity shares of par value Rs. 10 each			
Basic		54.27	30.93
Diluted		54.18	30.10
Weighted average number of equity shares used in computing earnings per share			
Basic		40,295,202	39,766,786
Diluted		40,363,159	40,865,268
Significant accounting policies and notes to the accounts	2&3		

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 16, 2012

Place: Bangalore
Date : April 16, 2012

Cash Flow Statement

	For the year ended March 31, 2012	(Rs. in Million) For the year ended March 31, 2011
Cash flow from operating activities		
Profit before tax	2,617	1,526
Adjustments for :		
Depreciation and amortisation	695	712
Interest expense	5	4
Interest / dividend income	(118)	(68)
Profit on sale of fixed assets	(1)	(1)
Profit on sale of investments	(27)	
Provision for diminution in the value of investments	1	-
Gains on dissolution of subsidiaries	-	(221)
Exchange difference on derivatives	(10)	(136)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(18)	(4)
	3,144	1,812
Operating profit before working capital changes		
Changes in trade receivables	(1,252)	(454)
Changes in loans and advances and other assets	20	(313)
Changes in liabilities and provisions	721	(73)
Net cash provided by operating activities before taxes	2,633	972
Income taxes paid	(564)	(534)
Net cash provided by operating activities	**2,069**	**438**
Cash flow from investing activities		
Purchase of fixed assets	(484)	(841)
Proceeds from sale of fixed assets	2	4
Interest /dividend received from investments	119	60
Purchase of investments	(8,790)	(7,318)
Sale/maturities of investments	6,846	7,710
Net cash used in investing activities	(2,307)	(385)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	144	139
Interest paid on loans	(5)	(2)
Proceeds from loans	402	15
Dividends paid (including distribution tax)	(176)	(150)
Net cash provided by financing activities	**365**	**2**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	18	4
Net increase in cash and cash equivalents	145	59
Cash and cash equivalents of MindTree Wireless Private Limited at the beginning of the period	-	32
Cash and cash equivalents at the beginning of the year	437	346
Cash and cash equivalents at the end of the year	**582**	**437**

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 16, 2012

Place: Bangalore
Date : April 16, 2012

Significant accounting policies and notes to the accounts For the year ended March 31, 2012

1. Background

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

The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, Belgium 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 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 ('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 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 recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

2.3.3 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are 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 are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in- progress.

2.3.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 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 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
Buildings	25-30 years
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
Plant and machinery	4 years
Intellectual property	5 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 a pro-rata basis.

2.3.7 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.

2.4 Investments

2.4.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.4.2 Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.

2.4.3 Profit or loss on sale of investments is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

2.5 Cash and cash equivalents

Cash and cash equivalents 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 actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by ICICI Prudential Life Insurance Company, SBI Life Insurance Company and Life Insurance Corporation of India. Actuarial gains and losses are charged to the statement of profit and loss.

2.7.2 Compensated absences are a long-term employee benefit and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

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

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 mark-up.

Maintenance revenue is recognized 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 statement of profit and loss 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 statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

2.9.4 In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the statement of profit and loss.

2.9.5 Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

2.9.6 For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, the Company has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Company has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/(gain) is debited/credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/ (gain) is debited/ credited to statement of profit and loss.

2.10 Warranties

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

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 ten years from the period in which such credit is availed.

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

2.13 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the 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.

2.14 Impairment of assets

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

2.15 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. Notes to the accounts

3.1 Shareholders' funds

3.1.1 Share capital **(Rs. in Million)**

a

Particulars	As at March 31, 2012	As at March 31,2011
Authorised		
79,620,000 (previous year 79,620,000) equity shares of Rs. 10 each	796	796
Issued, subscribed and paid-up capital		
40,543,923 (previous year: 40,035,187) equity shares of Rs. 10 each fully paid	405	400
Total	**405**	**400**

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

Particulars	As at March 31, 2012	As at March 31,2011
Number of shares outstanding at the beginning of the year	40,035,187	39,514,994
Add: Shares issued on exercise of employee stock options	508,736	520,193
Number of shares outstanding at the end of the year	40,543,923	40,035,187

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

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

The Board of Directors, in their meeting on October 17, 2011, declared an interim dividend Rs. 1.50 per equity share and a special dividend of Rs. 1 per equity share on the occasion of the Company crossing $100 million in revenues and 10,000 MindTree minds during the quarter ended September 30, 2011. Further the Board of Directors, in their meeting on April 16, 2012, proposed a final dividend of Rs. 1.50 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 16, 2012. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 188 million including corporate dividend tax of Rs. 26 million.

During the year ended March 31, 2011, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 2.50. The dividend for the year ended March 31, 2011 includes Rs. 1.25 per share of final dividend and Rs. 1.25 per share of interim dividend. The total dividend appropriation for the year ended March 31, 2011 amounted to Rs. 117 million including corporate dividend tax of Rs. 17 million.

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

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

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares	%	Number of shares	%
Coffee Day Resorts Private Limited	4,565,442	11.3	-	-
Walden Software Investment Limited	3,964,205	9.8	3,964,205	9.9
Nalanda India Fund Limited	3,949,089	9.7	3,949,089	9.9
Global Technology Ventures Limited	2,648,561	6.5	2,448,561	6.1
Subroto Bagchi	2,078,435	5.13	2,075,906	5.2
Ashok Soota	*	*	4,443,331	11.1

*does not hold more than 5% of equity shares

e The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date. Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	As at March 31,				
	2011	2010	2009	2008	2007
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	1,300,965*	-	-	-

* Allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation.

f **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 seven stock option programs.

Program 1 [ESOP 1999]

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

Particulars	Year ended March 31, 2012	2011
Outstanding options beginning of the year	4,088	14,888
Granted during the year	-	-
Exercised during the year	88	10,800
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options end of the year	**4,000**	**4,088**
Options vested and exercisable end of the year	4,000	4,088

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.

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	126,763	183,877
Granted during the year	-	-
Exercised during the year	40,124	54,473
Lapsed during the year	7,272	2,641
Forfeited during the year	-	-
Outstanding options end of the year	**79,367**	**126,763**
Options vested and exercisable end of the year	79,367	126,763

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.

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	83,548	195,916
Granted during the year	-	-
Exercised during the year	45,258	94,893
Lapsed during the year	38,255	7,295
Forfeited during the year	35	10,180
Outstanding options end of the year	**-**	**83,548**
Options vested and exercisable end of the year	-	83,408

Program 4 [ESOP 2006 (b)]

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

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	2,308,946	2,658,934
Granted during the year	110,000	183,500
Exercised during the year	408,995	296,095
Lapsed during the year	486,768	39,393
Forfeited during the year	174,145	198,000
Outstanding options end of the year	1,349,038	2,308,946
Options vested and exercisable end of the year	1,013,388	1,459,494

Program 5 [ESOP 2008A]

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

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	150,218	233,472
Granted during the year	-	-
Exercised during the year	938	16,411
Lapsed during the year	24,477	49,797
Forfeited during the year	-	17,046
Outstanding options end of the year	124,803	150,218
Options vested and exercisable end of the year	124,803	135,868

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

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

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	165,000	97,521
Granted during the year	-	115,000
Exercised during the year	13,333	47,521
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options end of the year	151,667	165,000
Options vested and exercisable end of the year	75,001	33,333

Program 7 [ESOP 2010 (A)]

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

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

Rs.

Particulars	**Year ended 2012**	**March 31, 2011**
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	250.00	250.00
Program 4	308.77	321.00
Program 5	161.56	359.43
DSOP 2006	355.00	300.00

The following tables summarize information about the options outstanding under various programs as at March 31, 2012 and March 31, 2011 respectively:

Particulars	**As at March 31, 2012**		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs.)
Program 1	4,000	0.04	10.00
Program 2	79,367	2.91	50.00
Program 3	-	-	-
Program 4	1,349,038	1.59	380.25
Program 5	124,803	4.20	390.41
DSOP 2006	151,667	2.23	495.12

Particulars	**As at March 31, 2011**		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs.)
Program 1	4,088	1.05	10.00
Program 2	126,763	3.84	50.00
Program 3	83,548	0.23	250.00
Program 4	2,308,946	1.82	357.18
Program 5	150,218	5.21	394.65
DSOP 2006	165,000	3.08	483.80

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:

Rs. in million except EPS data

Particulars	**Year ended 2012**	**March 31, 2011**
Net profit as reported	2,187	1,231
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	78	67
Pro forma net profit	2,109	1,164
Basic earnings per share as reported	54.27	30.93
Pro forma basic earnings per share	52.34	29.25
Diluted earnings per share as reported	54.18	30.10
Pro forma diluted earnings per share	52.25	28.46

During the year ended March 31, 2012, 110,000 options under Program 4 were granted by the Company.

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2012 was Rs. 333.01 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 444
Exercise price	Rs. 444
Dividend yield%	0.23%
Expected life	3 - 5 years
Risk free interest rate	8.22%
Volatility	100.54%

3.1.2 Reserves and surplus

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Capital reserve		
Opening balance	87	2
Additions during the year (Refer note 3.21)	-	85
	87	**87**
Securities premium reserve		
Opening balance	1,669	1,535
Additions during the year on exercise of employee stock options	139	134
	1,808	**1,669**
General reserve		
Opening balance	533	410
Add: Transfer from statement of profit and loss	219	123
	752	**533**
Share option outstanding account		
Opening balance	48	48
Additions during the year	-	-
	48	**48**
Hedge reserve		
Opening balance	81	115
Additions during the year	(331)	(34)
	(250)	**81**
Surplus(Balance in the statement of proft and loss)		
Opening balance	4,946	3,955
Add: Amount transferred from statement of profit and loss	2,187	1,231
Amount available for appropriations	7,133	5,186
Appropriations:		
Interim dividend	(101)	(50)
Final dividend	(61)	(50)
Dividend distribution tax	(26)	(17)
Amount transfered to general reserve	(219)	(123)
	6,726	**4,946**
Total	**9,171**	**7,364**

3.2 Non-current liabilities

3.2.1 Long term borrowings

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured)		
Other loans and advances	37	41
Total	**37**	**41**

Long term borrowings under other loans and advances represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under "Development of Intelligent Video Surveillance Server (IVSS) system".

The loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments commencing from June 2011. The project implementation period was a moratorium period ending May 2011 and was not liable for repayment of installments and interest during the said period. However, the interest accrued during the period is amortized and is payable in 3 equal annual installments commencing from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

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

3.2.2 Other long term liabilities

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Interest accrued but not due on borrowings	1	2
Derivative liabilities	-	179
Other long term liabilities	33	25
Total	**34**	**206**

As at March 31, 2012, the Company has outstanding forward contracts amounting to USD 112.5 million (As at March 31, 2011: USD 62 million) and Euro 9 million (As at March 31, 2011: Euro 4.6 million), option contracts USD and Euro Nil (As at March 31, 2011: USD Nil and Euro 0.3 million), forward strips and leverage option contracts amounting to USD 29.25 million (As at March 31, 2011: USD 67.5 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, these derivative instruments qualify for cash flow hedge accounting and have been fair valued at the balance sheet date and the resultant exchange loss has been debited to hedge reserve (Refer Note 3.1.2). Other derivative instruments that do not qualify for hedge accounting have been fair valued at the balance sheet date and resultant exchange gain of Rs 10 million for the year ended March 31, 2012 (year ended March 31, 2011: gain of Rs. 136 million) has been recorded in the statement of profit and loss.

Fair value of the above derivative instruments expected to be settled after 12 months from the date of the balance sheet have been classified under long term liabilities and amounts to Rs. Nil (As at March 31, 2011: Rs. 179 million).

3.3 Current liabilities

3.3.1 Short term borrowings

Rs. in million

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
(Secured)		
Other loans and advances	407	-
Total	**407**	**-**

During the year, the Company has availed a packing credit loan of USD 8 million secured against the trade receivables of the Company. The Company has taken a forward exchange contract with respect to this loan. In accordance with 'AS 11' the forward premium arising at inception is amortized as an expense over the life of the contract.

3.3.2 Other current liabilities

Rs. in million

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
Current maturities of long term term debt	5	5
Interest accrued but not due on borrowings	2	-
Unearned income	19	41
Unpaid dividends	3	3
Advances from customers	69	46
Employee related liabilities	836	419
Book overdraft	125	87
Other liabilities*	1,375	840
Total	**2,434**	**1,441**

*includes derivative liability of Rs. 590 million (As at March 31, 2011: Rs. 156 million)

3.3.3 Short term provisions

Rs. in million

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
Provision for employee benefits		
- Gratuity	1	8
- Compensated absences	228	179
Provision for taxes	257	229
Provision for discount	109	49
Dividend payable	61	50
Dividend distribution tax payable	10	8
Provision for forseeable losses on contracts	4	2
Provision for post contract support services	5	5
Provision for disputed dues*	49	-
Total	**724**	**530**

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

Rs. in million

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
Change in projected benefit obligations		
Obligations at the beginning of the year	265	229
Service cost	41	54
Interest cost	19	13
Benefits settled	(74)	(30)
Actuarial (gain)/loss	25	(1)
Obligations at end of the year	**276**	**265**

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Change in plan assets		
Plan assets at the beginning of the year, at fair value	257	227
Expected return on plan assets	19	17
Actuarial gain/(loss)	38	6
Contributions	35	37
Benefits settled	(74)	(30)
Plan assets at the end of the year, at fair value	**275**	**257**
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	275	257
Present value of defined obligations as at the end of the year	(276)	(265)
Asset/ (liability) recognised in the balance sheet	**(1)**	**(8)**

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Gratuity cost		
Service cost	41	54
Interest cost	19	13
Expected return on plan assets	(19)	(17)
Actuarial (gain)/loss	(13)	(7)
Net gratuity cost	**28**	**43**
Actual Return on plan assets	56	23
Assumptions		
Interest rate	8.54%	7.99%
Expected rate of return on plan assets	7.50%	7.99%
Salary increase	6%	10-12%
Attrition rate	18.2%	25.1%
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.

The disclosure of provisions movement as required under the provisions of Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' ('AS 29') is as follows:-

Provision for post contract support services

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Balance as at beginning of the year	5	5
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	5	5

Provision for discount

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Balance as at beginning of the year	49	50
Provisions made during the year	87	25
Utilisations during the year	(27)	(11)
Released during the year	-	(15)
Provision as at the end of the year	109	49

Provision for foreseeable losses on contracts

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Balance as at beginning of the year	2	24
Provisions made during the year	12	19
Utilisations during the year	(10)	(11)
Released during the year	-	(30)
Provision as at the end of the year	4	2

These provisions are expected to be utilized over a period of one year.

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

3.4 Non-current assets

3.4.1 Fixed assets

Rs. in million

Assets	Gross block				Accumulated depreciation				Net book value	
	As at April 1, 2011	Additions during the year	Deletions during the year	As at March 31, 2012	As at April 1, 2011	For the year	Deletions during the year	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assests										
Leasehold land	425	-	-	425	47	12	-	59	366	378
Buildings	1,626	-	-	1,626	174	58	-	232	1,394	1,452
Leasehold improvements	1,011	65	12	1,064	548	171	11	708	356	463
Computer systems (including software)	1,542	143	49	1,636	1,227	247	49	1,425	211	315
Test equipment	203	15	-	218	70	73	-	143	75	133
Furniture and fixtures	142	7	5	144	108	22	5	125	19	34
Electrical installations	211	20	9	222	154	34	8	180	42	57
Office equipment	386	32	10	408	275	65	10	330	78	111
Motor Vehicles	3	-	1	2	2	1	1	2	-	1
Plant and Machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,557**	**282**	**86**	**5,753**	**2,606**	**683**	**84**	**3,205**	**2,548**	**2,951**
Intangible Assets										
Intellectual property (Refer note 3.10)	67	-	-	67	12	12	-	24	43	55
Total (B)	**67**	**-**	**-**	**67**	**12**	**12**	**-**	**24**	**43**	**55**
Total (A+B)	**5,624**	**282**	**86**	**5,820**	**2,618**	**695**	**84**	**3,229**	**2,591**	**3,006**
Previous year	4,512	1,162	50	5,624	1,973	691	46	2,618	3,006	

3.4.2 Non-current investments

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Investment in equity instruments		
Investment in Trade - unquoted investments	8	8
Investment in subsidiary	23	23
Less: Provision for diminution in value of investments	(1)	(1)
Total	**30**	**30**
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	31	31

Details of investment in trade unquoted investment is as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
2,400 (previous year: 2,400) equity shares in Career Community.com Limited	1	1
643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US$ 0.0001 each fully paid at premium of US $ 0.2557 each in 30 Second Software Inc	7	7
Total	**8**	**8**

Investment in subsidiary represents investment in MindTree Software (Shenzhen) Co., Ltd.

3.4.3 Taxes

Rs. in million

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Tax expense		
- Current tax	672	298
- MAT credit entitlement	(138)	-
	534	298
Deferred tax	(104)	(3)
Total	**430**	**295**

The Company 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.

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

Tax provision for the year ended March 31, 2012 includes a charge of Rs. 37.2 million relating to earlier periods in a foreign jurisdiction.

Deferred tax assets (net):

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

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	222	176
Provision for doubtful debts	6	5
Compensated absence	39	33
Provision for post contract support services	-	2
Provision for volume discount	34	-
Others	19	-
Total deferred tax assets	**320**	**216**

3.4.4 Long term loans and advances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
Capital advances	102	27
Security deposits	442	389
Total	**544**	**416**

3.4.5 Other non-current assets

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
MAT credit entitlement	246	108
Others non current assets	12	3
Total	**258**	**111**

3.5 Current assets

3.5.1 Current investments

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Investment in mutual funds (net)	2,750	835
Term deposits	325	270
Total	**3,075**	**1,105**
Aggregate amount of quoted investments	2,750	835
Aggregate market value of quoted investments	2,803	851
Aggregate amount of unquoted investments	325	270

Details of investment in mutual funds are as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
ICICI Prudential Mutual Fund	301	46
IDFC Mutual Fund	346	101
UTI Mutual Fund	233	-
HSBC Mutual Fund	170	-
Franklin Templeton Mutual Fund	176	52
DSP Blackrock Mutual Fund	215	170
Birla Sun Life Mutual Fund	291	128
Reliance Mutual Fund	267	81
Tata Mutual Fund	284	157
L&T Mutual Fund	-	40
SBI Mutual Fund	50	60
HDFC Mutual Fund	122	-
Axis Mutual Fund	120	-
Fidelity Mutual Fund	50	-
IDBI Mutual Fund	125	-
Total	**2,750**	**835**

Details of investments in term deposit are as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
HDFC Limited	200	170
Janalakshmi Financial Services Private Limited	125	100
Total	**325**	**270**

3.5.2 Trade receivables

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	26	20
- considered doubtful	21	33
Other debts		
- considered good	4,052	2,805
- considered doubtful	19	2
Less: Provision for doubtful debts	(40)	(35)
Total	**4,078**	**2,825**

3.5.3 Cash and bank balances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalents		
Balances with banks in current and deposit accounts*	582	437
Other bank balances**	3	3
Total	**585**	**440**

* Balances with banks include the following:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Balance with banks held as margin money/towards guarantees	1	3
Bank deposits with more than 12 months of maturity	1	2

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

3.5.4 Short term loans and advances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	219	335
Total	**219**	**335**

3.5.5 Other current assets

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Unbilled revenue	478	450
Less: Provision for doubtful assets	1	(13)
	479	437
Advance tax and tax deducted at source, net of provision for taxes	742	823
Other current assets*	346	404
Total	**1,567**	**1,664**

*includes derivative asset of Rs. 25 million (As at March 31, 2011: Rs. 101 million)

3.6 Other income

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income	53	27
Dividend income	65	41
Net gain/(loss) on sale of investments	27	-
Foreign exchange gain/(loss)	196	155
Other non-operating income*	43	238
Total	**384**	**461**

*includes a liability written back amounting to Rs. 37 million (previous year: Rs. Nil). Refer Note 3.8.

3.7 Expenses

Rs. in million

Employee benefits expense	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	11,227	8,998
Contribution to provident and other funds	933	769
Staff welfare expenses	101	86
Total	**12,261**	**9,853**

Finance Costs	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense	5	2
Other borrowing cost	-	2
Total	**5**	**4**

Other expenses	For the year ended March 31, 2012	For the year ended March 31, 2011
Travel expenses	999	949
Sub-contractor charges	661	457
Computer consumables	341	282
Legal & Professional charges	216	180
Power and fuel	183	169
Rent (Refer note 3.19)	342	363
Repairs to buildings	32	44
Repairs to machinery	16	14
Insurance	20	21
Rates and taxes	103	4
Other expenses	1,045	973
Total	**3,958**	**3,456**

3.8 Acquisition and amalgamation of MindTree Wireless Private Limited

a) The Company acquired 412,500 equity shares of MindTree Wireless Private Limited (MWPL) [formerly Kyocera Wireless (India) Private Limited] in the fiscal year 2009-10, representing 100% of equity share capital of MWPL at a consideration of Rs.. 437 million (including a contingent consideration of Rs. 144 million). Consequently, MWPL became a 100% subsidiary of the Company with effect from October 1, 2009. The Company had subsequently reassessed contingent consideration payable based on forecast of estimated future revenue and during the previous year ended March 31, 2011, reduced it by Rs. 100 million. Consequently, the cost of investment was reduced to Rs. 337 million as at March 31, 2011.

b) The Company filed a scheme of Amalgamation ("the Scheme") with the Hon'ble High Court of Karnataka for the merger of MWPL with the Company effective April 1, 2010 ('the Appointed Date'). In January 2011, the Hon'ble High Court of Karnataka approved the aforesaid Scheme vide its Order dated December 10, 2010 ('Order').

As per the terms of the Scheme, MWPL was amalgamated with the Company with effect from April 1, 2010. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS-14, Accounting for Amalgamations ('AS 14').

Following were the salient features of the Scheme:

a) 412,500 equity shares held by the Company in MWPL were cancelled and extinguished, from the effective date of the Scheme.

b) All the assets and liabilities of MWPL were recorded in the books of the Company at their respective book value as on April 1, 2010.

c) All the profits, income, expenditure and losses accruing to MWPL with effect from the Appointed Date were treated as the profits or income or expenditure or losses, as the case may be, of the Company.

Consequent to the Order, the Company has effected the Scheme in its financial statements for the previous year ended March 31, 2011. The cost of investment in excess of net book value of MWPL as on April 1, 2010 amounted to Rs. 21 million and was recorded as goodwill in the financial statements for the previous year ended March 31, 2011.

In the current year, the Company reassessed the contingent consideration payable for the financial year 2010-11 and has written back contingent consideration amounting to Rs. 37 million as liability no longer required as the annual revenue threshold was not met by the Kyocera Group.

3.9 Impairment of goodwill

The management had assessed whether there is an indication that the goodwill may be impaired. Considering the restructuring of business model i.e. conversion of wireless products business into a design service business and anticipated decline in the future revenues of MWPL, the entire goodwill arising on amalgamation amounting to Rs. 21 million (referred to in note above) was considered to be impaired and an impairment loss to that extent was recognized and disclosed under depreciation and amortization in its financial statements for the previous year ended March 31, 2011.

3.10 Purchase of assets

During the previous year, the Company acquired certain fixed assets, RAPID software platform, customer contracts and employment contracts for a cash consideration of Rs. 72 million from Sevenstrata IT Services Private Limited. The acquisition was carried out by entering into an Agreement to Sell Assets ('Agreement') with Sevenstrata IT Services Private Limited. The RAPID software acquired pursuant to the Agreement has been accounted for as an intangible as per AS-26 'Intangible Assets' ('AS 26') and valued at Rs. 67 million as determined by an independent external expert. The customer contracts and employment contracts have not been assigned any value as they do not meet the criteria of an intangible asset as per AS 26. The remaining consideration represents the net book value of the assets taken over.

The Management believes the useful life of the aforesaid intangible to be 5 years as it represents the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company.

3.11 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2012 is Rs. 420 million (March 31, 2011: Rs. 122 million).

b) As of the balance sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs. 3,709 million (March 31, 2011: Rs. 2,454 million).

c) The Company has received income tax assessments for the financial years 2004-05 and 2008-09 wherein demand of Rs. 6 million and Rs. 24 milllion respectively has been raised against the Company on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. The tax demand for financial year 2008-09 also includes disallowance of portion of profit earned outside India from the STP and SEZ units.

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

d) The Company has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary i.e. MindTree Technologies Private Limited (MTPL) with demands amounting to Rs.11 million and Rs. 10 million on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.

e) The Company has received income tax assessments 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, 2004-05, 2005-06, 2006-07 and 2007-08 (draft) wherein demand of Rs. 91 million, Rs. 49 million, Rs. 61 million, Rs. 45 million, Rs. 58 million, Rs. 119 million and Rs. 219 million 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, in an earlier 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 Hon'ble High Court of Karnataka against the order of the ITAT. Further, the Hon'ble High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

The Company had appealed against the demands received for financial year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. 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.

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

3.12 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 5(viii)© of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

3.13 Value of imports on CIF basis

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Capital goods	89	91
Others	9	3
Total	**98**	**94**

3.14 Expenditure in foreign currency

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Branch office expenses	5,962	4,675
Travel expenses	200	292
Professional charges	8	16
Others	540	347
Total	**6,710**	**5,330**

3.15 Earnings in foreign currency

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Income from software development	18,069	14,100
Other income	3	10
Total	**18,072**	**14,110**

3.16 During the year ended March 31, 2012 the Company has remitted in foreign currency dividend of Rs. 10 million (year ended March 31, 2011: Rs. 10 million).

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Final dividend 2010-11 and 2009-10*		
Number of shares held	2,717,566	3,105,861
Number of shareholders	50	50
Amount remitted (Rs.)	3 million	5 million
Interim dividend 2011-12 and 2010-11^		
Number of shares held	2,898,930	3,208,829
Number of shareholders	47	92
Amount remitted (Rs.)	7 million	5 million

*Represents the final dividend for 2010-11 paid during the year ended March 31, 2012 and final dividend for 2009-10 paid during the year ended March 31, 2011.

^Represents the interim dividend for 2011-12 paid during the year ended March 31, 2012 and the interim dividend for 2010-11 paid during the year ended March 31, 2011.

3.17 Segmental reporting

The Company's operations predominantly relate to providing 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.

Effective April 1, 2011, the Company has reorganized its business units to be better aligned to market needs. Consequently the financial reporting of the business unit performance to the Management has also been updated with the new organization structure. Pursuant to such re-organization, Wireless business unit which was a separate reportable segment is now considered as part of PE services for the purpose of evaluating the unit's performance and for making decisions about future allocations of resources (as these are now part of same services). Consequently, Wireless business unit is no longer considered a separate business segment. The Company has presented its segment results under IT services and PE services which are the only reportable business segments. The previous year figures have been presented after incorporating the necessary reclassification pursuant to this change in reportable segments.

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

Rs. in million

Statement of profit and loss for year ended March 31, 2012	IT Services	PE Services	Total
Revenues	12,558	6,594	19,152
Operating expenses, net	10,463	5,756	16,219
Segmental operating income	**2,095**	**838**	**2,933**
Unallocable expenses			695
Profit for the year before interest, other income and tax			2,238
Interest expense			(5)
Other income			384
Net profit before taxes			**2,617**
Income taxes			(430)
Net profit after taxes			**2,187**

Rs. in million

Statement of profit and loss for year ended March 31, 2011	IT Services	PE Services	Total
Revenues	8,783	6,307	15,090
Operating expenses, net	7,663	5,841	13,504
Segmental operating income	**1,120**	**466**	**1,586**
Unallocable expenses			517
Profit for the year before interest, other income and tax			1,069
Interest expense			(4)
Other income			461
Net profit before taxes			**1,526**
Income taxes			(295)
Net profit after taxes			**1,231**

Geographical segments

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
America	11,104	9,346
Europe	5,013	2,885
India	1,490	1,284
Rest of World	1,545	1,575
Total	**19,152**	**15,090**

3.18 Related party transactions

Name of related party	Nature of relationship
MindTree Software (Shenzhen) Co Ltd ('MSSL'), Republic of China	Subsidiary
MindTree Wireless Pte Limited, Singapore	Dissolved w.e.f April 5, 2011
MindTree Benefit Trust	Dissolved during the previous year#
Aztec Software and Technology Services Ltd Employees Welfare Trust	Dissolved during the previous year#

Also refer note 3.21 of this schedule.

Transactions with the above related parties during the year were:

Rs. in million

Name of related party	Nature of transaction	Year ended March 31, 2012	Year ended March 31, 2011
MindTree Software(Shenzhen) Co Ltd	Expenses paid by MSSL	-	2

Balances payable to related parties are as follows:

Rs. in million

Name of related party	As at March 31, 2012	As at March 31, 2011
MindTree Software (Shenzhen) Co Ltd	3	2

Key managerial personnel:

Dr. Albert Hieranimous	Non-Executive Chairman (Appointed as Non-Executive Vice Chairman with effect from April 1, 2012)
Subroto Bagchi	Gardener and Vice-Chairman (Appointed as Chairman with effect from April 1, 2012)
N Krishnakumar	CEO & Managing Director
S Janakiraman	Chief Technology Officer
George M. Scalise	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
Mark A. Runacres	Non-executive Director of MindTree (Resigned with effect from March 31, 2012)
N. Vittal	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
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	Resigned with effect from August 1, 2011
Prof. Pankaj Chandra	Appointed as Non-executive Director of MindTree with effect from March 19, 2012

Remuneration paid to key managerial personnel during the year ended March 31, 2012 amounts to Rs. 73 million (year ended March 31, 2011 amounts to Rs. 44 million). Amounts payable by directors in the nature of travel and business expenses as at March 31, 2012 amounted to Rs. Nil (March 31, 2011: Nil). Dividends paid to directors during the year ended March 31, 2012 amounts to Rs. 19 million (year ended March 31, 2011 amounts to Rs. 24 million).

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

3.19 Lease Transactions

Lease rental expense under non-cancellable operating lease during the year ended March 31, 2012 amounted to Rs. 88 million (year ended March 31, 2011: Rs. 162 million). Future minimum lease payments under non-cancellable operating lease as at March 31, 2012 is as below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Payable -- Not later than one year	138	29
Payable -- Later than one year and not later than five years	224	18

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2012 was Rs. 254 million (year ended March 31, 2011: Rs. 201 million).

3.20 Earnings per share

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

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,295,202	40,295,202	39,766,786	39,766,786
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	67,957	-	1,098,482
Weighted average number of equity shares for calculation of earnings per share	40,295,202	40,363,159	39,766,786	40,865,268

3.21 During the previous year, the Company has dissolved its two subsidiaries viz., Aztecsoft Disha Inc and Aztec Software Inc. Pursuant to the dissolution, the surplus in excess of the book value of investment in the subsidiaries amounting to Rs. 221 million was recognised as other income in the statement of profit and loss.

Further, during the previous year, MindTree Benefit Trust and Aztec Software and Technology Services Limited Employees' Welfare Trust were dissolved as per the resolution passed by the trustees. Consequently, the funds available with these trusts amounting to Rs. 85 million were received by the Company. Since these funds were primarily in the nature of capital surplus, the Company has credited the above amount to capital reserve.

3.22 Auditor's remuneration

Rs. in million

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Audit fees	12	8
Tax audit fees	1	1
Other services	1	1
Reimbursement of expenses	-	-
Total	**14**	**10**

3.23 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2012 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.

Rs. in million

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
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

3.24 The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 ('the schedule') issued by Ministry of Corporate Affairs. Previous years' figures have been recasted/restated to conform to the classification required by the Revised Schedule VI.

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 16, 2012

Place: Bangalore
Date : April 16, 2012

Statement pursuant to section 212 of the Companies Act,1956, relating to subsidiary companies

1 Name of the subsidiary	1. MindTree Software (Schenzhen) Co Ltd 2. MindTree Wireless Pte Ltd*
2 Financial year ended	March 31, 2012
3 Holding company's interest	1. 100% in MindTree Software (Schenzhen) Co Ltd 2. 100% in MindTree Wireless Pte Ltd
4 The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company a. Dealt with or provided for in the accounts of the holding company b. Not dealt with or provided for in the accounts of the holding company	 Nil 1. MindTree Software (Schenzhen) Co Ltd - Loss of Rs. 1 Million 2. MindTree Wireless Pte Ltd - Nil
5 The net aggregate of the profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company a. Dealt with or provided for in the accounts of the holding company b. Not dealt with or provided for in the accounts of the holding company	 Nil 1. MindTree Software (Schenzhen) Co Ltd - Loss of Rs. 2 Million 2. MindTree Wireless Pte Ltd - Nil

*Dissolved w.e.f April 5, 2011.

For **MindTree Limited**

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Place: Bangalore
Date : April 16, 2012

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Consolidated Financial Statement

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF MINDTREE LIMITED

We have audited the accompanying consolidated financial statements of MindTree Limited ('MindTree' or 'the Company') and its subsidiary (collectively called 'the MindTree Group'), which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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, 2012;

(b) in the case of the consolidated statement of profit and loss, 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 & Co.**
Chartered Accountants
Firm registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
April 16, 2012

Consolidated balance sheet

(Rs. in Million)

	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	405	400
Reserves and surplus	3.1.2	9,167	7,362
		9,572	**7,762**
Non-current liabilities			
Long term borrowings	3.2.1	37	41
Other long term liabilities	3.2.2	34	206
		71	**247**
Current liabilities			
Short term borrowings	3.3.1	407	-
Trade payables		137	167
Other current liabilities	3.3.2	2,435	1,439
Short term provisions	3.3.3	724	530
		3,703	**2,136**
		13,346	**10,145**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,548	2,951
Intangible assets	3.4.1	43	55
Capital work in progress		85	1
Non-current investments	3.4.2	7	7
Deferred tax assets (net)	3.4.3	320	216
Long-term loans and advances	3.4.4	544	416
Other non-current assets	3.4.5	258	111
		3,805	**3,757**
Current assets			
Current investments	3.5.1	3,075	1,105
Trade receivables	3.5.2	4,078	2,825
Cash and bank balances	3.5.3	602	459
Short term loans and advances	3.5.4	219	335
Other current assets	3.5.5	1,567	1,664
		9,541	**6,388**
		13,346	**10,145**
Significant accounting policies and notes to the accounts	2 & 3		

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 16, 2012

Place: Bangalore
Date: April 16, 2012

Consolidated statement of profit and loss

(Rs. in Million)

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue from operations		19,152	15,090
Other income	3.6	385	242
Total revenues		**19,537**	**15,332**
Expense:-			
Employee benefit expense	3.7	12,261	9,853
Finance costs	3.7	5	4
Depreciation and amortisation expense	3.4.1 & 3.8	695	712
Other expenses	3.7	3,961	3,459
Total expenses		**16,922**	**14,028**
Profit before tax		**2,615**	**1,304**
Tax expense:	3.4.3		
Current tax		534	291
Deferred tax		(104)	(3)
Profit for the year		**2,185**	**1,016**
Earnings per equity	3.15		
Equity shares of par value Rs. 10 each			
Basic		54.23	25.53
Diluted		54.14	24.85
Weighted average number of equity shares used in computing earnings per share			
Basic		40,295,202	39,766,786
Diluted		40,363,159	40,865,268
Significant accounting policies and notes to the accounts	2 & 3		

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 16, 2012

Place: Bangalore
Date: April 16, 2012

Consolidated cash flow statement

(Rs. in Million)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Cash flow from operating activities		
Profit before tax	2,615	1,304
Adjustments for :		
Depreciation and amortisation	695	712
Interest expense	5	4
Interest / dividend income	(118)	(69)
Profit on sale of fixed assets	(1)	(1)
Profit on sale of investments	(27)	-
Provision for diminution in the value of investments	1	-
Exchange difference on derivatives	(10)	(136)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(21)	(4)
Operating profit before working capital changes	3,139	1,810
Changes in trade receivables	(1,252)	(455)
Changes in loans and advances and other assets	20	(314)
Changes in liabilities and provisions	720	(75)
Net cash provided by operating activities before taxes	2,627	966
Income taxes paid	(564)	(533)
Net cash provided by operating activities	2,063	433
Cash flow from investing activities		
Purchase of fixed assets	(484)	(840)
Proceeds from sale of fixed assets	2	4
Interest /dividend received from investments	120	61
Purchase of investments	(8,790)	(7,318)
Sale/maturities of investments	6,846	7,710
Net cash used in investing activities	(2,306)	(383)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	144	139
Interest paid on loans	(5)	(2)
Proceeds from loans	402	15
Dividends paid (including distribution tax)	(176)	(150)
Net cash provided by financing activities	365	2
Effect of exchange differences on translation of foreign currency cash and cash equivalents	21	4
Net increase in cash and cash equivalents	143	56
Cash and cash equivalents at the beginning of the year	456	400
Cash and cash equivalents at the end of the year	599	456

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 16, 2012

Place: Bangalore
Date: April 16, 2012

Significant accounting policies and notes to the accounts For the year ended March 31, 2012

1. Background

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

The 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, Belgium, France and Republic of China.

2. Significant accounting policies

2.1 Basis of preparation of 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') 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 as set out below.

Name of the subsidiaries	Country of incorporation	Proportion of interest
MindTree Software (Shenzhen) Co Ltd.	Republic of China	100%
MindTree Wireless Pte. Ltd.*	Singapore	100%

*Dissolved with effect from April 05, 2011.

The financial statements of MindTree and its wholly owned and 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 the resultant unrealized gain/loss from the date the parent company acquired control of those subsidiaries.

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 recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the 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 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 are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in- progress.

2.4.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 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 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
Buildings	25-30 years
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
Plant and machinery	4 years
Intellectual property	5 years

2.4.6 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 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 Non-current 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 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 as the difference between the sale price and carrying value of investment, determined individually for each investment.

2.6 Cash and cash equivalents

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

2.7 Consolidated cash flow statement

Cash flows are reported using the indirect method, whereby consolidated 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 statement of profit and loss.

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 statement of profit and loss.

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.

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.

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

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, receivables and borrowings. 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 statement of profit and loss 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 statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

2.10.5 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' to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where 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 are recorded at fair value at the reporting date and the resultant exchange loss/ (gain) has been debited/ credited to statement of profit and loss.

2.11Warranties

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

2.12 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 ten 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 Earnings per share

In determining earnings per share, the Group considers the consolidated 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 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 statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been 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.

2.16 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.

2.17 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. Notes to the accounts

3.1 Shareholders' funds

3.1.1 Share capital

a) **Rs. in million**

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised 79,620,000 (previous year 79,620,000) equity shares of Rs. 10 each	796	796
Issued, subscribed and paid-up capital 40,543,923 (previous year: 40,035,187) equity shares of Rs. 10 each fully paid	405	400
Total	**405**	**400**

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

Particulars	As at March 31, 2012	As at March 31, 2011
Number of shares outstanding at the beginning of the year	40,035,187	39,514,994
Add: Shares issued on exercise of employee stock options	508,736	520,193
Number of shares outstanding at the end of the year	40,543,923	40,035,187

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

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

The Board of Directors, in their meeting on October 17, 2011, declared an interim dividend Rs. 1.50 per equity share and a special dividend of Rs. 1 per equity share on the occasion of the Company crossing $100 million in revenues and 10,000 MindTree minds during the quarter ended September 30, 2011. Further the Board of Directors, in their meeting on April 16, 2012, proposed a final dividend of Rs. 1.50 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 16,2012. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 188 million including corporate dividend tax of Rs. 26 million.

During the year ended March 31, 2011, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 2.50. The dividend for the year ended March 31,2011 includes Rs. 1.25 per share of final dividend and Rs. 1.25 per share of interim dividend. The total dividend appropriation for the year ended March 31, 2011 amounted to Rs. 117 million including corporate dividend tax of Rs. 17 million.

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

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

Sl. No.	Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
		Number of shares	%	Number of shares	%
1	Coffee Day Resorts Private Limited	4,565,442	11.3	-	-
2	Walden Software Investment Limited	3,964,205	9.8	3,964,205	9.9
3	Nalanda India Fund Limited	3,949,089	9.7	3,949,089	9.9
4	Global Technology Ventures Limited	2,648,561	6.5	2,448,561	6.1
5	Subroto Bagchi	2,078,435	5.13	2,075,906	5.2
6	Ashok Soota	*	*	4,443,331	11.1

*does not hold more than 5% of equity share

e) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date. Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	As at March 31,				
	2011	2010	2009	2008	2007
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	1,300,965*	-	-	-

* Allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation

f) **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 Group currently administers seven stock option programs.

Program 1 [ESOP 1999]

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

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	4,088	14,888
Granted during the year	-	-
Exercised during the year	88	10,800
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options end of the year	**4,000**	**4,088**
Options vested and exercisable end of the year	4,000	4,088

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.

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	126,763	183,877
Granted during the year	-	-
Exercised during the year	40,124	54,473
Lapsed during the year	7,272	2,641
Forfeited during the year	-	-
Outstanding options end of the year	**79,367**	**126,763**
Options vested and exercisable end of the year	79,367	126,763

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.

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	83,548	195,916
Granted during the year	-	-
Exercised during the year	45,258	94,893
Lapsed during the year	38,255	7,295
Forfeited during the year	35	10,180
Outstanding options end of the year	**-**	**83,548**
Options vested and exercisable end of the year	-	83,408

Program 4 [ESOP 2006 (b)]

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

Particulars	Year ended March 31, 2012	2011
Outstanding options, beginning of the year	2,308,946	2,658,934
Granted during the year	110,000	183,500
Exercised during the year	408,995	296,095
Lapsed during the year	486,768	39,393
Forfeited during the year	174,145	198,000
Outstanding options end of the year	**1,349,038**	**2,308,946**
Options vested and exercisable end of the year	1,013,388	1,459,494

Program 5 [ESOP 2008A]

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

Particulars	Year ended 2012	March 31, 2011
Outstanding options, beginning of the year	150,218	233,472
Granted during the year	-	-
Exercised during the year	938	16,411
Lapsed during the year	24,477	49,797
Forfeited during the year	-	17,046
Outstanding options end of the year	**124,803**	**150,218**
Options vested and exercisable	124,803	135,868

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

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

Particulars	Year ended 2012	March 31, 2011
Outstanding options, beginning of the year	165,000	97,521
Granted during the year	-	115,000
Exercised during the year	13,333	47,521
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options end of the year	**151,667**	**165,000**
Options vested and exercisable end of the year	75,001	33,333

Program 7 [(ESOP 2010 A]

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

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

Rs..

Particulars	Year ended 2012	March 31, 2011
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	250.00	250.00
Program 4	308.77	321.00
Program 5	161.56	359.43
DSOP 2006	355.00	300.00

The following tables summarize information about the options outstanding under various programs as at March 31, 2012 and March 31, 2011 respectively:

Particulars	As at March 31, 2012		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs.)
Program 1	4,000	0.04	10.00
Program 2	79,367	2.91	50.00
Program 3	-	-	-
Program 4	1,349,038	1.59	380.25
Program 5	124,803	4.20	390.41
DSOP 2006	151,667	2.23	495.12

Particulars	As at March 31, 2011		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in Rs.)
Program 1	4,088	1.05	10.00
Program 2	126,763	3.84	50.00
Program 3	83,548	0.23	250.00
Program 4	2,308,946	1.82	357.18
Program 5	150,218	5.21	394.65
DSOP 2006	165,000	3.08	483.80

The Group uses the intrinsic value method of accounting for its employee stock options. The Group has therefore adopted the pro-forma disclosure provisions of Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI with effect from 1 April 2005.

Had the compensation cost been determined according to the fair value approach described in the aforesaid Guidance Note, the Group's net profit and EPS as reported would have been adjusted to the pro-forma amounts indicated below:

Rs. in million except EPS data

Particulars	Year ended March 31,	
	2012	2011
Net profit as reported	2,185	1,016
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	78	67
Pro forma net profit	2,107	949
Basic earnings per share as reported	54.23	25.53
Pro forma basic earnings per share	52.30	23.85
Diluted earnings per share as reported	54.14	24.85
Pro forma diluted earnings per share	52.22	23.21

During the year ended March 31, 2012, 110,000 options under Program 4 were granted by the Company.

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2012 was Rs. 333.01 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 444
Exercise price	Rs. 444
Dividend yield%	0.23%
Expected life	3 - 5 years
Risk free interest rate	8.22%
Volatility	100.54%

3.1.2 Reserves and surplus

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Capital reserve		
Opening balance	87	2
Additions during the year (Refer note 3.16)	-	85
	87	**87**
Securities premium reserve		
Opening balance	1,631	1,497
Additions during the year on exercise of employee stock options	139	134
	1,770	**1,631**
General reserve		
Opening balance	533	410
Add: Transfer from statement of profit and loss	219	123
	752	**533**
Share option outstanding account		
Opening balance	48	48
Additions during the year	-	-
	48	**48**
Hedge reserve		
Opening balance	81	117
Additions during the year	(331)	(36)
	(250)	**81**
Surplus(Balance in the statement of profit and loss)		
Opening balance	4,982	4,237
Less: Amalgamation adjustments (Refer note 3.8)		
Add: Amount transferred from statement of profit and loss	-	(31)
	2,185	1,016
Amount avalaible for appropriations	7,167	5,222
Appropriations:		
Interim dividend	(101)	(50)
Final dividend	(61)	(50)
Dividend distribution tax	(26)	(17)
Amount transfered to general reserve	(219)	(123)
	6,760	**4,982**
Total	**9,167**	**7,362**

3.2 Non-current liabilities

3.2.1 Long term borrowings

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured)		
Other loans and advances	37	41
Total	**37**	**41**

Long term borrowings under other loans and advances represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under "Development of Intelligent Video Surveillance Server (IVSS) system".

The loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments commencing from June 2011. The project implementation period was a moratorium period ending May 2011 and was not liable for repayment of installments and interest during the said period. However, the interest accrued during the period is amortized and is payable in 3 equal annual installments commencing from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

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

3.2.2 Other long term liabilities

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Interest accrued but not due on borrowings	1	2
Derivative liabilities	-	179
Other long term liabilities	33	25
Total	**34**	**206**

As at March 31, 2012, the Group has outstanding forward contracts amounting to USD 112.5 million (As at March 31, 2011: USD 62 million) and Euro 9 million (As at March 31, 2011: Euro 4.6 million), option contracts USD and Euro Nil (As at March 31, 2011: USD Nil and Euro 0.3 million), forward strips and leverage option contracts amounting to USD 29.25 million (As at March 31, 2011: USD 67.5 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, these derivative instruments qualify for cash flow hedge accounting and have been fair valued at the balance sheet date and the resultant exchange loss has been debited to hedge reserve (Refer Note 3.1.2). Other derivative instruments that do not qualify for hedge accounting have been fair valued at the balance sheet date and resultant exchange gain of Rs. 10 million for the year ended March 31, 2012 (year ended March 31, 2011: gain of Rs. 136 million) has been recorded in the statement of profit and loss.

Fair value of the above derivative instruments expected to be settled after 12 months from the date of the balance sheet have been classified under long term liabilities and amounts to Rs. Nil (As at March 31, 2011: Rs. 179 million).

3.3 Current liabilities

3.3.1 Short term borrowings

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Secured)		
Other loans and advances	407	-
Total	**407**	**-**

During the year, the Group has availed a packing credit loan of USD 8 million which is secured against the trade receivables of the Group. The Group has taken a forward exchange contract with respect to this loan. In accordance with 'AS 11' the forward premium arising at inception on such forward exchange contract is amortized as an expense over the life of the contract.

3.3.2 Other current liabilities

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Current maturities of long term term debt	5	5
Interest accrued but not due on borrowings	2	-
Unearned income	19	41
Unpaid dividends	3	3
Advances from customers	69	46
Employee related liabilities	836	419
Book overdraft	125	87
Other liabilities*	1,376	838
Total	**2,435**	**1,439**

*includes derivative liability of Rs. 590 million (As at March 31, 2011: Rs. 156 million)

3.3.3 Short term provisions

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
- Gratuity	1	8
- Compensated absences	228	179
Provision for taxes	257	229
Provision for discount	109	49
Dividend payable	61	50
Dividend distribution tax payable	10	8
Provision for forseeable losses on contracts	4	2
Provision for post contract support services	5	5
Provision for disputed dues*	49	-
Total	**724**	**530**

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

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Change in projected benefit obligations		
Obligations at the beginning of the year	265	229
Service cost	41	54
Interest cost	19	13
Benefits settled	(74)	(30)
Actuarial (gain)/loss	25	(1)
Obligations at end of the year	**276**	**265**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	257	227
Expected return on plan assets	19	17
Actuarial gain/(loss)	38	6
Contributions	35	37
Benefits settled	(74)	(30)
Plan assets at the end of the year, at fair value	**275**	**257**
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	275	257
Present value of defined obligations as at the end of the year	(276)	(265)
Asset/ (liability) recognised in the balance sheet	**(1)**	**(8)**

Rs. in million

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Gratuity cost		
Service cost	41	54
Interest cost	19	13
Expected return on plan assets	(19)	(17)
Actuarial (gain)/loss	(13)	(7)
Net gratuity cost	**28**	**43**
Actual Return on plan assets	56	23
Assumptions		
Interest rate	8.54%	7.99%
Expected rate of return on plan assets	7.50%	7.99%
Salary increase	6%	10-12%
Attrition rate	18.2%	25.1%
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.

The disclosure of provisions movement as required under the provisions of Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' ('AS 29') is as follows:-

Provision for post contract support services

Rs. in million

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Balance as at beginning of the year	5	5
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	5	5

Provision for discount

Rs. in million

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Balance as at beginning of the year	49	50
Provisions made during the year	87	25
Utilisations during the year	(27)	(11)
Released during the year	-	(15)
Provision as at the end of the year	109	49

Provision for foreseeable losses on contracts

Rs. in million

Particulars	**For the year ended March 31, 2012**	**For the year ended March 31, 2011**
Balance as at beginning of the year	2	24
Provisions made during the year	12	19
Utilisations during the year	(10)	(11)
Released during the year	-	(30)
Provision as at the end of the year	4	2

These provisions are expected to be utilized over a period of one year.

* Represents disputed tax dues provided during the current year pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with relevant authority. In respect of this provision, the disclosures required by AS 29 have not been provided in accordance with paragraph 72 of AS 29.

3.4 Non-current assets

3.4.1 Fixed assets

Rs. in million

Assets	Gross block				Accumulated depreciation				Net book value	
	As at April 1, 2011	Additions during the year	Deletions during the year	As at March 31, 2012	As at April 1, 2011	For the year	Deletions during the year	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assests										
Leasehold land	425	-	-	425	47	12	-	59	366	378
Buildings	1,626	-	-	1,626	174	58	-	232	1,394	1,452
Leasehold improvements	1,011	65	12	1,064	548	171	11	708	356	463
Computer systems (including software)	1,542	143	49	1,636	1,227	247	49	1,425	211	315
Test equipment	203	15	-	218	70	73	-	143	75	133
Furniture and fixtures	142	7	5	144	108	22	5	125	19	34
Electrical installations	211	20	9	222	154	34	8	180	42	57
Office equipment	386	32	10	408	275	65	10	330	78	111
Motor Vehicles	3	-	1	2	2	1	1	2	-	1
Plant and Machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,557**	**282**	**86**	**5,753**	**2,606**	**683**	**84**	**3,205**	**2,548**	**2,951**
Intangible Assets										
Intellectual property (Refer note 3.10)	67	-	-	67	12	12	-	24	43	55
Total (B)	**67**	**-**	**-**	**67**	**12**	**12**	**-**	**24**	**43**	**55**
Total (A+B)	**5,624**	**282**	**86**	**5,820**	**2,618**	**695**	**84**	**3,229**	**2,591**	**3,006**
Previous year	4,512	1,162	50	5,624	1,973	691	46	2,618	3,006	

3.4.2 Non-current investments

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Investment in equity instruments (Trade - unquoted investments)	8	8
Less: Provision for diminution in value of investments	(1)	(1)
Total	**7**	**7**
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	8	8

Details of investment in trade unquoted investment is as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
2,400 (previous year: 2,400) equity shares in Career Community.com Limited	1	1
643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US$ 0.0001 each fully paid at premium of US $ 0.2557 each in 30 Second Software Inc	7	7
Total	**8**	**8**

3.4.3 Taxes

Rs. in million

Particulars	For the year ended March 31,	
	2012	2011
Tax expense		
- Current tax	672	291
- MAT credit entitlement	(138)	-
	534	291
Deferred tax	(104)	(3)
Total	**430**	**288**

The Group 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.

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

Tax provision for the year ended March 31, 2012 includes a charge of Rs. 37.2 million relating to earlier periods in a foreign jurisdiction.

Deferred tax assets (net):

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

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	222	176
Provision for doubtful debts	6	5
Compensated absence	39	33
Provision for post contract support services	-	2
Provision for volume discount	34	-
Others	19	-
Total deferred tax assets	**320**	**216**

3.4.4 Long term loans and advances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
Capital advances	102	27
Security deposits	442	389
Total	**544**	**416**

3.4.5 Other non-current assets

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
MAT credit entitlement	246	108
Others non current assets	12	3
Total	**258**	**111**

3.5 Current assets

3.5.1 Current investments

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Investment in mutual funds (net)	2,750	835
Term deposits	325	270
Total	**3,075**	**1,105**
Aggregate amount of quoted investments	2,750	835
Aggregate market value of quoted investments	2,803	851
Aggregate amount of unquoted investments	325	270

Details of investment in mutual funds are as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
ICICI Prudential Mutual Fund	301	46
IDFC Mutual Fund	346	101
UTI Mutual Fund	233	-
HSBC Mutual Fund	170	-
Franklin Templeton Mutual Fund	176	52
DSP Blackrock Mutual Fund	215	170
Birla Sun Life Mutual Fund	291	128
Reliance Mutual Fund	267	81
Tata Mutual Fund	284	157
L&T Mutual Fund	-	40
SBI Mutual Fund	50	60
HDFC Mutual Fund	122	-
Axis Mutual Fund	120	-
Fidelity Mutual Fund	50	-
IDBI Mutual Fund	125	-
Total	**2,750**	**835**

Details of investments in term deposit are as given below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
HDFC Limited	200	170
Janalakshmi Financial Services Private Limited	125	100
Total	**325**	**270**

3.5.2 Trade receivables

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	26	20
- considered doubtful	21	33
Other debts		
- considered good	4,052	2,805
- considered doubtful	19	2
Less: Provision for doubtful debts	(40)	(35)
Total	**4,078**	**2,825**

3.5.3 Cash and bank balances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with banks in current and deposit accounts*	599	456
Other bank balances**	3	3
Total	**602**	**459**

* Balances with banks include the following:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Balance with banks held as margin money/towards guarantees	1	3
Bank deposits with more than 12 months of maturity	1	2

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

3.5.4 Short term loans and advances

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	219	335
Total	**219**	**335**

3.5.5 Other current assets

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Unbilled revenue	478	450
Less: Provision for doubtful assets	1	(13)
	479	437
Advance tax and tax deducted at source, net of provision for taxes	742	823
Other current assets*	346	404
Total	**1,567**	**1,664**

*includes derivative asset of Rs. 25 million (As at March 31, 2011: Rs. 101 million)

3.6 Other income

Rs. in million

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income	53	28
Dividend income	65	41
Net gain/loss on sale of investments	27	-
Foreign exchange gain/(loss)	197	156
Other non-operating income*	43	17
Total	**385**	**242**

*includes a liability written back amounting to Rs. 37 million (previous year: Rs. Nil). Refer Note 3.8.

3.7 Expenses

Rs. in million

Employee benefits expense	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	11,227	8,998
Contribution to provident and other funds	933	769
Staff welfare expenses	101	86
Total	**12,261**	**9,853**

Finance Costs	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense	5	2
Other borrowing cost	-	2
Total	**5**	**4**

Other expenses	For the year ended March 31, 2012	For the year ended March 31, 2011
Travel expenses	999	949
Sub-contractor charges	661	457
Computer consumables	341	282
Legal & Professional charges	218	182
Power and fuel	183	169
Rent (Refer note 3.14)	343	363
Repairs to buildings	32	44
Repairs to machinery	16	14
Insurance	20	21
Rates and taxes	103	4
Other expenses	1,045	974
Total	**3,961**	**3,459**

3.8 Acquisition and amalgamation of MindTree Wireless Private Limited

a) The Company acquired 412,500 equity shares of MindTree Wireless Private Limited (MWPL) [formerly Kyocera Wireless (India) Private Limited] in the fiscal year 2009-10, representing 100% of equity share capital of MWPL at a consideration of Rs.. 437 million (including a contingent consideration of Rs. 144 million). Consequently, MWPL became a 100% subsidiary of the Company with effect from October 1, 2009. The Company had subsequently reassessed contingent consideration payable based on forecast of estimated future revenue and during the previous year ended March 31, 2011, reduced it by Rs. 100 million. Consequently, the cost of investment was reduced to Rs. 337 million as at March 31, 2011.

b) The Company filed a scheme of Amalgamation ("the Scheme") with the Hon'ble High Court of Karnataka for the merger of MWPL with the Company effective April 1, 2010 ('the Appointed Date'). In January 2011, the Hon'ble High Court of Karnataka approved the aforesaid Scheme vide its Order dated December 10, 2010 ('Order').

As per the terms of the Scheme, MWPL was amalgamated with the Company with effect from April 1, 2010. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS-14, Accounting for Amalgamations ('AS 14').

Following were the salient features of the Scheme:

a) 412,500 equity shares held by the Company in MWPL were cancelled and extinguished, from the effective date of the Scheme.

b) All the assets and liabilities of MWPL were recorded in the books of the Company at their respective book value as on April 1, 2010.

c) All the profits, income, expenditure and losses accruing to MWPL with effect from the Appointed Date were treated as the profits or income or expenditure or losses, as the case may be, of the Company.

Consequent to the Order, the Company has effected the Scheme in its financial statements for the previous year ended March 31, 2011. The cost of investment in excess of net book value of MWPL as on April 1, 2010 amounted to Rs. 21 million and was recorded as goodwill in the financial statements for the previous year ended March 31, 2011.

In the current year, the Company reassessed the contingent consideration payable for the financial year 2010-11 and has written back contingent consideration amounting to Rs. 37 million as liability no longer required as the annual revenue threshold was not met by the Kyocera Group.

3.9 Impairment of goodwill

The management had assessed whether there is an indication that the goodwill may be impaired. Considering the restructuring of business model i.e. conversion of wireless products business into a design service business and anticipated decline in the future revenues of MWPL, the entire goodwill arising on amalgamation amounting to Rs. 21 million (referred to in note above) was considered to be impaired and an impairment loss to that extent was recognized and disclosed under depreciation and amortization in its financial statements for the previous year ended March 31, 2011.

3.10 Purchase of assets

During the previous year, the Group acquired certain fixed assets, RAPID software platform, customer contracts and employment contracts for a cash consideration of Rs. 72 million from Sevenstrata IT Services Private Limited. The acquisition was carried out by entering into an Agreement to Sell Assets ('Agreement') with Sevenstrata IT Services Private Limited. The RAPID software acquired pursuant to the Agreement has been accounted for as an intangible as per AS-26 'Intangible Assets' ('AS 26') and valued at Rs. 67 million as determined by an independent external expert. The customer contracts and employment contracts have not been assigned any value as they do not meet the criteria of an intangible asset as per AS 26. The remaining consideration represents the net book value of the assets taken over.

The Management believes the useful life of the aforesaid intangible to be 5 years as it represents the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group.

3.11 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2012 is Rs. 420 million (March 31, 2011: Rs. 122 million).

b) As of the balance sheet date, the Group's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs. 3,712 million (March 31, 2011: Rs. 2,455 million).

c) The Group has received income tax assessments for the financial years 2004-05 and 2008-09 wherein demand of Rs. 6 million and Rs. 24 milllion respectively has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group. The tax demand for financial year 2008-09 also includes disallowance of portion of profit earned outside India from the STP and SEZ units.

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

d) The Group has received income tax assessments for financial years 2006-07 and 2007-08 for the erstwhile subsidiary i.e. MindTree Technologies Private Limited (MTPL) with demands amounting to Rs.11 million and Rs. 10 million on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.

e) The Group has received income tax assessments under Section 143(3) of the Income- tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 (draft) wherein demand of Rs. 91 million, Rs. 49 million, Rs. 61 million, Rs. 45 million, Rs. 58 million, Rs. 119 million and Rs. 219 million 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 financial 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, in an earlier 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 Assessing Officer for re-assessment. The Group has preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. Further, the Hon'ble High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

The Group had appealed against the demands received for financial year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. 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 consolidated financial statements.

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

3.12 Segmental reporting

The Group’s operations predominantly relate to providing IT Services and 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.

Effective April 1, 2011, the Group has reorganized its business units to be better aligned to market needs. Consequently the financial reporting of the business unit performance to the Management has also been updated with the new organization structure. Pursuant to such re-organization, Wireless business unit which was a separate reportable segment is now considered as part of PE services for the purpose of evaluating the unit’s performance and for making decisions about future allocations of resources (as these are now part of same services). Consequently, Wireless business unit is no longer considered a separate business segment. The Group has presented its segment results under IT services and PE services which are the only reportable business segments. The previous year figures have been presented after incorporating the necessary reclassification pursuant to this change in reportable segments.

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

Rs. in million

Consolidated Statement of profit and loss for year ended March 31, 2012	**IT Services**	**PE Services**	**Total**
Revenues	12,558	6,594	19,152
Operating expenses, net	10,463	5,759	16,222
Segmental operating income	**2,095**	**835**	**2,930**
Unallocable expenses			695
Profit for the year before interest, other income and tax			2,235
Interest expense			(5)
Other income			385
Net profit before taxes			**2,615**
Income taxes			(430)
Net profit after taxes			**2,185**

Rs. in million

Consolidated statement of profit and loss for year ended March 31, 2011	IT Services	PE Services	Total
Revenues	8,783	6,307	15,090
Operating expenses, net	7,663	5,844	13,507
Segmental operating income	**1,120**	**463**	**1,583**
Unallocable expenses			517
Profit for the year before interest, other income and tax			1,066
Interest expense			(4)
Other income			242
Net profit before taxes			**1,304**
Income taxes			(288)
Net profit after taxes			**1,016**

Geographical segments

Rs. in million

Revenues	For the year ended March 31, 2012	For the year ended March 31, 2011
America	11,104	9,346
Europe	5,013	2,885
India	1,490	1,284
Rest of World	1,545	1,575
Total	**19,152**	**15,090**

3.13 Related party transactions

Key managerial personnel:

Dr. Albert Hieranimous	Non-Executive Chairman (Appointed as Non-Executive Vice Chairman with effect from April 1, 2012)
Subroto Bagchi	Gardener and Vice-Chairman (Appointed as Chairman with effect from April 1, 2012)
N Krishnakumar	CEO & Managing Director
S Janakiraman	Chief Technology Officer
George M. Scalise	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
Mark A. Runacres	Non-executive Director of MindTree (Resigned with effect from March 31, 2012)
N. Vittal	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
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	Resigned with effect from August 1, 2011
Prof. Pankaj Chandra	Appointed as Non-executive Director of MindTree with effect from March 19, 2012

Remuneration paid to key managerial personnel during the year ended March 31, 2012 amounts to Rs. 73 million (year ended March 31, 2011 amounts to Rs. 44 million). Amounts payable by directors in the nature of travel and business expenses as at March 31, 2012 amounted to Rs. Nil (March 31, 2011: Nil). Dividends paid to directors during the year ended March 31, 2012 amounts to Rs. 19 million (year ended March 31, 2011 amounts to Rs. 24 million).

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

3.14 Lease Transactions

Lease rental expense under non-cancellable operating lease during the year ended March 31, 2012 amounted to Rs. 89 million (for the year ended March 31, 2011: Rs. 162 million). Future minimum lease payments under non-cancellable operating lease as at March 31, 2012 is as below:

Rs. in million

Particulars	As at March 31, 2012	As at March 31, 2011
Payable -- Not later than one year	138	29
Payable -- Later than one year and not later than five years	224	18

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2012 was Rs. 254 million (year ended March 31, 2011: Rs. 201 million).

3.15 Earnings per share

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

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,295,202	40,295,202	39,766,786	39,766,786
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	67,957	-	1,098,482
Weighted average number of equity shares for calculation of earnings per share	40,295,202	40,363,159	39,766,786	40,865,268

3.16 During the previous year, MindTree Benefit Trust and Aztec Software and Technology Services Limited Employees' Welfare Trust were dissolved as per the resolution passed by the trustees. Consequently, the funds available with these trusts amounting to Rs. 85 million were received by the Company. Since these funds were primarily in the nature of capital surplus, the Company has credited the above amount to capital reserve.

3.17 As per order of Ministry of Corporate affairs letter no 3/2011-CL-III dated 8 February, 2011, required details of subsidiaries as at March 31, 2012 and year ended March 31, 2011 are as follows:

Rs. in million

as at March 31, 2012

Particulars	MindTree Software (Shenzhen) Co Ltd	MindTree Wireless Pte Ltd, Singapore
Capital	23	-
Reserves	-	-
Total Assets (gross)	23	-
Total Liabilities	-	-
Details of investments	-	-
Turnover	-	-
Profit /(Loss)before taxation	(1)	-
Provision for taxation	-	-
Profit after taxation	(1)	-
Proposed dividend	-	-

* Total assets of MindTree Software (Shenzhen) Co Ltd. include Rs. 4 million of debit balance in profit and loss account.

Rs. in million

as at March 31, 2011

Particulars	MindTree Software (Shenzhen) Co Ltd	MindTree Wireless Pte Ltd, Singapore
Capital	23	-
Reserves	-	-
Total Assets (gross)	24	-
Total Liabilities	1	-
Details of investments	-	-
Turnover	-	-
Profit /(Loss)before taxation	(2)	-
Provision for taxation	-	-
Profit after taxation	(2)	-
Proposed dividend	-	-

* Total assets of MindTree Software (Shenzhen) Co Ltd. include Rs. 3 million of debit balance in profit and loss account.

3.18 The Group has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 ('the schedule') issued by Ministry of Corporate Affairs. Previous years' figures have been recasted/restated to conform to the classification required by the revised Schedule VI.

As per our report attached

For **MindTree Limited**

For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date : April 16, 2012

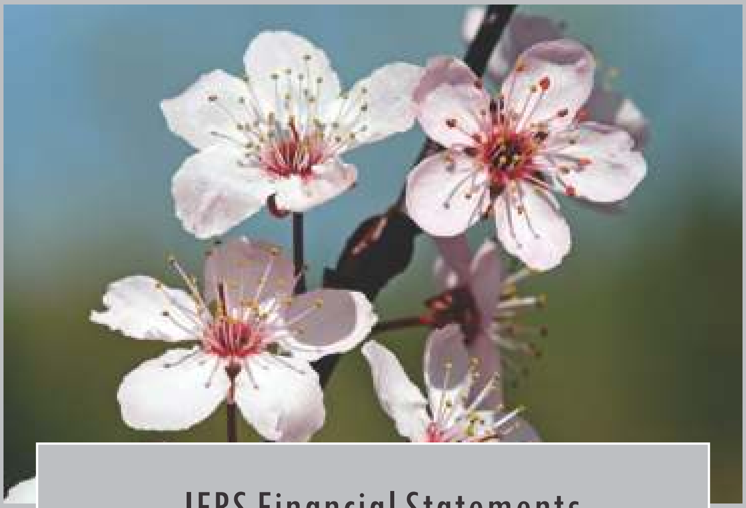
Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 16, 2012



IFRS Financial Statements

Dear Shareholder,

We are pleased to enclose the unaudited consolidated financial statements for MindTree Limited ('MindTree') for the financial year 2011-12 as per International Financial Reporting Standards ('IFRS') as issued by IASB.

IFRS has gained significant momentum across the globe including India. Many companies have adopted IFRS or are in the process of adopting the same.

IFRS thus is set to become the global accounting standard and MindTree presents these IFRS financial statements to help readers compare our financial performance with other players in our industry who report IFRS financials. During the year, we have fully adopted IFRS as issued by IASB voluntarily which enables better comparison with international peers, acceptance and in turn stay competitive in today's global markets.

With best regards,

Krishnakumar Natarajan
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

MindTree Limited and Subsidiaries
Unaudited Consolidated Statements of Financial Position

(Rupees in millions, except share data)

	Note	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Assets				
Goodwill	7	-	-	154
Intangible assets	7	42	55	-
Property, plant and equipment	6	2,388	2,702	2,519
Available-for-sale financial assets	9	11	9	9
Derivative assets	17	-	3	-
Deferred tax assets	18	590	304	222
Other non-current assets	12	794	669	623
Total non-current assets		**3,825**	**3,742**	**3,527**
Trade receivables	10	4,077	2,825	2,370
Other current assets	12	892	940	682
Unbilled revenues		479	437	373
Available-for-sale financial assets	9	2,803	851	1,267
Current tax assets	18	742	830	544
Derivative assets	17	36	98	129
Cash and cash equivalents	11	602	459	468
Total current assets		**9,631**	**6,440**	**5,833**
Total assets		**13,456**	**10,182**	**9,360**
Equity				
Share capital	19	405	400	395
Share premium	19	1,876	1,680	1,497
Retained earnings	19	7,632	5,628	4,706
Other components of equity	19	(166)	140	220
Equity attributable to owners of the Company		9,747	7,848	6,818
Non-controlling interests		-	-	-
Total equity		**9,747**	**7,848**	**6,818**
Liabilities				
Loans and borrowings	13	26	29	21
Derivative liabilities	17	-	179	355
Other non-current liabilities	15	44	40	161
Total non-current liabilities		**70**	**248**	**537**
Loans and borrowings and book overdraft	13	537	92	40
Trade payables and accrued expenses	14	749	576	569
Unearned revenue		19	41	67
Current tax liabilities	18	257	236	190
Derivative Liabilities	17	597	157	108
Employee benefit obligations	16	229	187	128
Other current liabilities	15	1,084	741	824
Provisions	15	167	56	79
Total current liabilities		**3,639**	**2,086**	**2,005**
Total liabilities		**3,709**	**2,334**	**2,542**
Total equity and liabilities		**13,456**	**10,182**	**9,360**

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

MindTree Limited and Subsidiaries
Unaudited Consolidated Statements of Income

(Rupees in millions, except share data)

	Note	Year ended March 31, 2012	2011
Revenues		19,099	15,053
Cost of revenues	20	(13,077)	(10,907)
Gross Profit		**6,022**	**4,146**
Selling, general and administrative expenses	20	(3,823)	(3,222)
Results from operating activities		**2,199**	**924**
Finance expenses		(7)	(5)
Finance and other income	22	418	370
Profit before tax		**2,610**	**1,289**
Income tax expense	18	(430)	(216)
Profit for the year		**2,180**	**1,073**
Attributable to:			
Owners of the Company		2,180	1,073
Non-controlling interests		-	-
		2,180	**1,073**
Earnings per equity share:	23		
Basic		54.10	26.98
Diluted		54.00	26.25
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		40,295,202	39,766,786
Diluted		40,363,159	40,865,268

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

MindTree Limited and Subsidiaries
Unaudited Consolidated Statements of Comprehensive Income

(Rupees in millions, except share data)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
Profit for the year		2,180	1,073
Other comprehensive income, net of taxes			
- Net change in fair value of cash flow hedges	17,18	(282)	(32)
- Net change in fair value of available-for-sale financial assets	9,18	33	13
Total other comprehensive income, net of taxes		(249)	(19)
Total comprehensive income for the year		1,931	1,054
Attributable to:			
Owners of the Company		1,931	1,054
Non-controlling interests		-	-
		1,931	1,054

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

MindTree Limited and Subsidiaries
Unaudited Consolidated Statements of Changes In Equity

(Rupees in millions, except share data)

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Other components of		Equity attributable to owners of the Company	Non-controlling interests	Total equity
						Cash flow hedging reserve	Other reserves			
Balance as at April 1, 2010 as per previous GAAP	39,514,994	395	1,497	4,649	47	118	-	6,706	-	6,706
Effects of transition (Refer Note 4)	-	-	-	57	75	(23)	3	112	-	112
Balance as at April 1, 2010 restated as per IFRS	39,514,994	395	1,497	4,706	122	95	3	6,818	-	6,818
Issue of equity shares on exercise of options	520,193	5	183	-	-	-	-	188	-	188
Profit for the year		-	-	1,073	-	-	-	1,073	-	1,073
Other comprehensive income		-	-	-	-	(32)	13	(19)	-	(19)
Compensation cost related to employee share based payment transaction		-	-	-	(61)	-	-	(61)	-	(61)
Cash dividend paid (including dividend tax thereon)		-	-	(151)	-	-	-	(151)	-	(151)
Balance as at March 31, 2011	**40,035,187**	**400**	**1,680**	**5,628**	**61**	**63**	**16**	**7,848**	**-**	**7,848**
Balance as at April 1, 2011	40,035,187	400	1,680	5,628	61	63	16	7,848	-	7,848
Issue of equity shares on exercise of options	508,736	5	196	-	-	-	-	201	-	201
Profit for the year		-	-	2,180	-	-	-	2,180	-	2,180
Other comprehensive income		-	-	-	-	(282)	33	(249)	-	(249)
Compensation cost related to employee share based payment transaction		-	-	-	(57)	-	-	(57)	-	(57)
Cash dividend paid (including dividend tax thereon)		-	-	(176)	-	-	-	(176)	-	(176)
As at March 31, 2012	**40,543,923**	**405**	**1,876**	**7,632**	**4**	**(219)**	**49**	**9,747**	**-**	**9,747**

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

MindTree Limited and Subsidiaries
Unaudited Consolidated Statements of Cash Flow

(Rupees in millions, except share data)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flow from operating activities		
Profit for the year	2,180	1,073
Adjustments for :		
Depreciation & amortisation	691	680
Impairment loss on goodwill	-	154
Amortization of stock compensation	(57)	(61)
Interest expense	7	5
Income tax expense	430	216
Interest / dividend income	(149)	(94)
Gain on sale of property, plant and equipment	(1)	(1)
Gain on sale of available-for-sale financial assets	(27)	-
Unrealised exchange difference on derivatives	(10)	(136)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(21)	(4)
Changes in operating assets and liabilities		
Trade receivables	(1,252)	(455)
Unbilled revenues	(42)	(64)
Other assets	44	(242)
Trade payables and accrued expenses	173	7
Unearned revenues	(22)	(26)
Other liabilities	550	(211)
Net cash provided by operating activities before taxes	2,495	841
Income taxes paid	(564)	(535)
Net cash provided by operating activities	**1,931**	**306**
Cash flow from investing activities		
Expenditure on property, plant and equipment	(475)	(764)
Proceeds from sale of property, plant and equipment	2	4
Payment for business acquisition, net of cash acquired	-	(76)
Interest /dividend received from available-for-sale financial assets	151	89
Inter-corporate deposits	(55)	(100)
Investments in available-for-sale financial assets	(8,735)	(7,279)
Redemption of available-for-sale financial assets	6,846	7,710
Net cash used in investing activities	**(2,266)**	**(416)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	201	189
Interest paid on loans	(7)	(3)
Proceeds from loans and borrowings	407	15
Repayment of loans and borrowings	(5)	-
Dividends paid (including distribution tax)	(176)	(151)
Net cash provided by financing activities	**420**	**50**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	21	4
Net increase/ (decrease) in cash and cash equivalents	106	(56)
Cash and cash equivalents at the beginning of the year	372	428
Cash and cash equivalents at the end of the year (Note 11)	**478**	**372**

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

Notes to the unaudited consolidated financial statements

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

1. Company overview

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

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India and has offices in United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, France and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. These unaudited consolidated annual financial statements were authorized for issuance by the Company's Management on June 8, 2012.

2. Basis of preparation of financial statements

(a) Statement of compliance

These consolidated financial statements as at and for the year ended March 31, 2012 have been prepared in accordance with the International Financial Reporting Standards and its interpretations (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements are the Company's first IFRS financial statements and are covered by IFRS 1, First time adoption of IFRS. The transition to IFRS has been carried out from the accounting principles generally accepted in India (“Indian GAAP”) which is considered as the “previous GAAP” for purposes of IFRS 1. An explanation of how the transition to IFRS has effected the Company's equity and its net profit is provided in Note 4.

These consolidated financial statements have been prepared on the basis of relevant IFRS that are effective at the Company's first IFRS annual reporting date March 31, 2012.

(b) Basis of measurement

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

i. Derivative financial instruments; and

ii. Available-for-sale financial assets;

(c) Functional and presentation currency

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

(d) Use of estimates and judgement

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

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

ii) Income taxes: the Company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to Note 17.

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

3. Significant accounting policies

(I) Basis of consolidation:

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries and controlled trusts). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-company balances, transactions, income and expenses including unrealized income or expenses are eliminated in full on consolidation.

Special purpose entities

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

(ii) Functional and presentation currency

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

(iii) Foreign currency transactions and balances

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

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

(iv) Financial instruments

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

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

a) Non-derivative financial instruments

(i) Loans and receivables

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

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

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

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

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

(ii) Available-for-sale financial assets

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

(iii) Trade and other payables

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

b) Derivative financial instruments

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

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

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

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

(v) Property, plant and equipment

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

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

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of income when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of income.

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

(vi) Business combination, Goodwill and Intangible assets

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

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

a) Goodwill

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

b) Intangible assets

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

The estimated useful life for intellectual property related intangibles is estimated at 5 years.

(vii) Leases

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

(viii) Impairment

a) Financial assets:

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

(i) Loans and receivables

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

(ii) Available-for-sale financial asset

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

b) Non-financial assets

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

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

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

c) *Reversal of impairment loss*

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

(ix) Employee Benefit

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

The company has the following employee benefit plans:

a) Provident fund

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

b) Gratuity

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

c) Compensated absences

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

(x) Share based payment transaction

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognized in the statement of income with a corresponding increase to the share based payment reserve, a component of equity.

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

(xi) Provisions

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

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

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

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

(xii) Revenue

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

a) Time and materials contracts

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

b) Fixed-price contracts

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

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

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

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

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

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

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

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

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

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

(xiii) Finance income and expense

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

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

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

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

(xiv) Income tax

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

a) Current income tax

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

b) Deferred income tax

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences.

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

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

(xv) Earnings per share

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

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

(xvi) New standards and interpretations not yet adopted

IFRS 9 Financial Instruments: In November 2009, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. The effective date for IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule-based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9, was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. The company is required to adopt IFRS 9 by accounting year commencing April 1, 2015. The company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

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

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

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

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One major requirement of IFRS 12 is that an entity needs to disclose the significant judgments and assumptions it has made in determining: 13

a. whether it has control, joint control or significant influence over another entity; and

b. the type of joint arrangement when the joint arrangement is structured through a separate vehicle.

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

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

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

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

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

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

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

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

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

4. Transition to IFRS reporting

As stated in Note 2, the Company's consolidated financial statements for the year ended March 31, 2012 are the first annual consolidated financial statements prepared in compliance with IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2010 as the transition date. IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS Consolidated Financial Statements for the year ended March 31, 2012, be applied consistently and retrospectively for all fiscal years presented.

All applicable IFRS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both IFRS and Previous GAAP as of the Transition Date have been recognized directly in equity at the Transition Date.

In preparing these consolidated financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with IFRS 1 as explained below:

a) Exemptions from retrospective application:

A. Business combination exemption: The Company has applied the exemption as provided in IFRS 1 on non-application of IFRS 3, “Business Combinations” to business combinations consummated prior to the date of Transition (April 1, 2010). Pursuant to this exemption, goodwill arising from business combination has been stated at the carrying amount under Previous GAAP.

B. Share-based payment exemption: The Company has elected to apply the share based payment exemption available under IFRS 1 on application of IFRS 2, “Share Based Payment”, to only grants made after November 7, 2002, which remained unvested as of the Transition date.

b) Exceptions from full retrospective application:

A. Hedge accounting exception: The Company had followed hedge accounting under Previous GAAP which is aligned to IFRS. Accordingly, this exception of not reflecting in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting under IAS 39, is not applicable to the Company.

B. Estimates exception: Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under IFRS, except where estimates were required by IFRS and not required by Previous GAAP.

c) Reconciliations: The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to IFRS in accordance with IFRS 1:

- equity as at April 1, 2010;
- equity as at March 31, 2011;
- total comprehensive income for the year ended March 31, 2011; and
- explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to Previous GAAP financial information to align with the IFRS presentation.

Reconciliation of equity as at April 1, 2010

Particulars	Amount as per previous GAAP	Effects of transition to IFRS	Amount as per IFRS	Note
Goodwill	154	-	154	
Property, plant and equipment and intangible assets	2,780	(261)	2,519	1,2
Derivative assets	129	-	129	
Tax assets (including deferred tax)	863	(97)	766	3,10
Other assets	996	309	1,305	1,6,8
Trade receivables	2,370	-	2,370	
Unbilled revenues	373	-	373	
Available-for-sale-financial assets	1,272	4	1,276	4
Cash and cash equivalents	403	65	468	8
Total assets	**9,340**	**20**	**9,360**	
Share capital	395	-	395	
Share premium	1,497	-	1,497	
Retained earnings	4,648	58	4,706	
Other components of equity	166	54	220	4,5,9
Total equity	6,706	112	6,818	
Loans and borrowings and book overdraft	70	(9)	61	6
Derivative liabilities	463	-	463	
Tax liabilities	190	-	190	
Other liabilities and provisions	1,275	(83)	1,192	6,7
Trade payables and accrued expenses	569	-	569	
Unearned revenues	67	-	67	
Total liabilities	2,634	(92)	2,542	
Total liabilities and equity	**9,340**	**20**	**9,360**	

Notes:

1. Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term or if the lease is for several decades. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 295 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
2. Under previous GAAP, property, plant and equipment individually costing less than five thousand rupees is fully depreciated in the period of purchase/installation. Under IFRS, such assets are depreciated over their useful life and this has resulted in a difference of Rs 34.
3. Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates the balance sheet approach in recognizing deferred taxes. As a result, net deferred tax assets under IFRS is lower by Rs 24.
4. Under IFRS, available-for-sale financial assets are measured at fair value at each reporting date. The changes in fair value of such assets, net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, carrying value of the available-for-sale financial assets under IFRS is higher by Rs. 4 (tax effect Rs. 1).
5. Under previous GAAP, the company had used intrinsic-value based method of accounting as compared to the fair value approach adopted in IFRS for recording stock compensation expense. As a result of this change in the method of accounting, stock compensation reserve is higher by Rs 74 under IFRS.
6. Under IFRS, financial assets and financial liabilities other than available-for-sale financial assets and derivatives are carried at amortised cost. As a result, loans and borrowings is lower by Rs 9 and other liabilities is higher by Rs 9 in IFRS. Similarly other assets is lower by Rs 3.
7. Under Previous GAAP, a liability is recognized in respect of proposed dividend on the Company's equity shares, even though the dividend is expected to be approved by the shareholders subsequent to the reporting date. Under IFRS, liability for dividend is recognized only when it is approved by shareholders. Accordingly, provisions under IFRS is lower by Rs 92.
8. Unlike previous GAAP, under IFRS, employee welfare trusts which are controlled by the Company is consolidated. The differences under various heads as a result of consolidation is given below:

Cash and cash equivalents	65
Other assets	17

9. Under IFRS, tax consequences of transactions and events is to be shown in the same way that is followed to account the transactions and events themselves. As a result hedge reserve under IFRS is lower by Rs 23.
10. Unlike Previous GAAP, under IFRS, deferred tax liability is to be created on undistributed profits of subsidiaries. As a result, net deferred tax asset under IFRS is lower by Rs. 73.

Reconciliation of equity as at March 31, 2011

Particulars	Amount as per previous GAAP	Effects of transition to IFRS	Amount as per IFRS	Note
Goodwill	-	-	-	
Property, plant and equipment and intangible assets	3,007	(250)	2,757	1,2
Derivative assets	101	-	101	
Tax assets (including deferred tax)	1,154	(20)	1,134	3
Other assets	1,328	281	1,609	1,6
Trade receivables	2,825	-	2,825	
Unbilled revenues	437	-	437	
Available-for-sale-financial assets	842	18	860	4
Cash and cash equivalents	459	-	459	
Total assets	**10,153**	**29**	**10,182**	
Share capital	400	-	400	
Share premium	1,631	49	1,680	5
Retained earnings	5,602	26	5,628	
Other components of equity	129	11	140	4,5,8
Total equity	7,762	86	7,848	
Loans and borrowings and book overdraft	129	(8)	121	6
Derivative liabilities	336	-	336	
Tax liabilities	236	-	236	
Other liabilities and provisions	1,073	(49)	1,024	6,7
Trade payables and accrued expenses	576	-	576	
Unearned revenues	41	-	41	
Total liabilities	2,391	(57)	2,334	
Total liabilities and equity	**10,153**	**29**	**10,182**	

Notes:

1. Under IFRS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term or if the lease is for several decades. Lease rentals paid in advance and lease deposits are recognized as other assets. Under Previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. Under IFRS, Rs. 284 of such payments towards lease of land has been reclassified from property, plant and equipment to other assets. This adjustment has no impact on equity.
2. Under previous GAAP, property, plant and equipment individually costing less than five thousand rupees is fully depreciated in the period of purchase/installation. Under IFRS, such assets are depreciated over their useful life and this has resulted in a difference of Rs 34.
3. Previous GAAP requires an entity to follow the income statement approach for recognizing deferred taxes, while IFRS mandates the balance sheet approach in recognizing deferred taxes. As a result, net deferred tax assets under IFRS is lower by Rs 20.

4. Under IFRS, available-for-sale financial assets are measured at fair value at each reporting date. The changes in fair value of such assets, net of taxes, are recognized directly in equity. Under Previous GAAP, short-term investments are measured at lower of cost or fair value. Consequently, carrying value of the available-for-sale financial assets under IFRS is higher by Rs. 18 (tax effect Rs. 3).
5. Under previous GAAP, the company had used intrinsic value-based method of accounting as compared to the fair value approach adopted in IFRS for recording stock compensation expense. As a result of this change in the method of accounting, stock compensation reserve is higher by Rs 13 under IFRS and share premium is higher by Rs 49.
6. Under IFRS, financial assets and financial liabilities other than available-for-sale financial assets and derivatives are carried at amortised cost. As a result, loans and borrowings is lower by Rs 8 and other liabilities is higher by Rs 8 in IFRS. Similarly other assets is lower by Rs 3 in IFRS.
7. Under Previous GAAP, a liability is recognized in respect of proposed dividend on the Company's equity shares, even though the dividend is expected to be approved by the shareholders subsequent to the reporting date. Under IFRS, liability for dividend is recognized only when it is approved by shareholders. Accordingly, provisions under IFRS is lower by Rs 57.
8. Under IFRS, tax consequences of transactions and events is to be shown in the same way that is followed to account the transactions and events themselves. As a result hedge reserve under IFRS is lower by Rs 17.

Reconciliation of total comprehensive income for the year ended March 31, 2011:

Particulars	Amount as per previous GAAP	Effects of transition to IFRS	Amount as per IFRS	Note
Revenues	15,090	(37)	15,053	1
Cost of revenues	10,788	119	10,907	2,3,7
Gross Profit	**4,302**	**(156)**	**4,146**	
Selling, general and administrative expenses	3,249	(27)	3,222	1,3,5
Results from operating activities	**1,053**	**(129)**	**924**	
Finance expenses	5	-	5	
Finance and other income	256	114	370	2,4,5
Profit before tax	**1,304**	**(15)**	**1,289**	
Income tax expense	288	(72)	216	4,6
Profit for the year	**1,016**	**57**	**1,073**	
Total other comprehensive income, net of taxes	-	(19)	(19)	
Total comprehensive income for the year	1,016	38	1,054	
Attributable to:				
Owners of the Company	1,016	38	1,054	
Non-controlling interests	-		-	
	1,016	**38**	**1,054**	

Notes:

1. Under IFRS cash discounts given to customers for early payment have been shown as a reduction from revenues. Under previous GAAP, cash discounts given to customers formed part of selling, general and administrative expenses. As a result, revenues under IFRS is lower is by Rs. 37.
2. Under previous GAAP, goodwill initially recognised under business combination was adjusted/ reduced for contingent consideration no more payable. Under IFRS, initial goodwill recognised has not been adjusted but tested for impairment and charged to statement of income. Also, under previous GAAP, pursuant to the court order for merger of the acquired entity with the acquiree, goodwill was recalculated and change in goodwill was adjusted in retained earnings. Under IFRS, goodwill initially recognized is tested for impairment and charged off to the statement of income in full. As a result, cost of revenues is higher by Rs 131. Correspondingly, other income is also higher by Rs 100 due to write-back of contingent consideration no more payable.
3. Under previous GAAP, the company had used intrinsic value-based method of accounting as compared to the fair value approach adopted in IFRS for recording stock compensation expense. As a result of this change in the method of accounting, cost of revenues for the year is lower by Rs 11 and SG&A is lower by Rs 1 under IFRS.
4. Unlike previous GAAP, under IFRS, employee welfare trusts which are controlled by the Company is consolidated. The differences under various heads as a result of consolidation is given below:

Finance Income	4
Current Tax	1

5. In IFRS, financial assets and financial liabilities other than derivatives and available-for-sale financial assets are recorded at amortised cost. As a result, SG&A is higher by Rs 11 and other income is higher by Rs 10.
6. Unlike Previous GAAP, under IFRS, deferred tax liability was created on undistributed profits of subsidiaries. Upon dissolution of the subsidiaries, the deferred tax liability created is reversed and as a result income tax expense is lower by Rs. 73.
7. Under previous GAAP, property plant and equipment individually costing less than five thousand rupees is fully depreciated in the period of purchase/installation. Under IFRS, such assets are depreciated over their useful life and this has resulted in a difference of Rs 1 in cost of revenues.

Explanation of material adjustments to the cash flow statements.

Unlike previous GAAP, under IFRS book overdrafts, are disclosed as part of borrowings in the statement of financial position and are reduced from cash and cash equivalents in the preparation of the statement of cash flows as they form an integral part of the Company's cash management system.

5. Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on appraised market values and replacement cost determined by an external valuer.

(ii) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets as determined by an external valuer.

(iii) Investments in equity and debt securities and units of mutual funds

The fair value of available-for-sale equity securities is determined using a valuation technique.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(iv) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

6. Property, plant and equipment

Particulars	Land	Building	Computer systems*	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2010	97	1,511	1,339	1,854	5	4,806
Additions	-	113	404	495	-	1,012
Disposal/adjustments	-	-	202	394	2	598
Acquisition through business combination	-	2	3	4	-	9
As at March 31, 2011	97	1,626	1,544	1,959	3	5,229
Accumulated depreciation/impairment:						
As at April 1, 2010	2	119	1,186	1,146	2	2,455
Depreciation	1	55	237	374	1	668
Disposal/adjustments	-	-	202	391	2	595
As at March 31, 2011	3	174	1,221	1,129	1	2,528
Capital work-in-progress						1
Net carrying value as at March 31, 2011	**94**	**1,452**	**323**	**830**	**2**	**2,702**
Gross carrying value:						
As at April 1, 2011	97	1,626	1,544	1,959	3	5,229
Additions	-	-	143	138	-	281
Disposal/adjustments	-	-	49	35	1	85
Acquisition through business combination	-	-	-	-	-	-
As at March 31, 2012	97	1,626	1,638	2,062	2	5,425
Accumulated depreciation/impairment:						
As at April 1, 2011	3	174	1,221	1,129	1	2,528
Depreciation	1	58	249	369	1	678
Disposal/adjustments	-	-	49	35	-	84
As at March 31, 2012	4	232	1,421	1,463	2	3,122
Capital work-in-progress						85
Net carrying value as at March 31, 2012	**93**	**1,394**	**217**	**599**	**-**	**2,388**

*Computer systems include software.
The capital work-in-progress balance as on April 1, 2010 was Rs. 168.

The depreciation expense for the year ended March 31, 2012 and March 31, 2011 is included in the following line items in the statement of income.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Cost of revenues	617	608
Selling, general and administrative expenses	61	60
Total	**678**	**668**

Carrying value of land includes Rs 60, Rs 61 and Rs 62 as at March 31, 2012, March 31, 2011 and April 1, 2010 towards deposits paid under lease agreement to use the land for 90-95 years and the ownership of the land does not vest with the Group after the lease period.

Further, carrying value of land includes Rs 11 towards deposit paid for use of land for 95 years with an option of renewing the lease subject to fulfillment of certain conditions and restrictions.

7. Goodwill and intangible assets

Goodwill arising upon business acquisitions is not amortised but tested for impairment at least annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired.

The movement in goodwill balance is given below:

Particulars	As at March 31, 2012	As at March 31, 2011
Carrying value at the beginning	-	154
Goodwill arising on business combinations	-	-
Closing balance	-	154
Less: Impairment loss	-	(154)
	-	-

The impairment loss of Rs 154 for the year ended March 31, 2011 pertains to PES segment. Considering the restructuring of the business model i.e. conversion of wireless products business into a design service business and expected decline in the future revenues of the cash generating unit, the entire goodwill arising on acquisition amounting to Rs 154 is considered to be impaired and an impairment loss to that extent has been recognized. The impairment loss is recognized in cost of revenues in the statement of income.

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

Particulars	Intellectual property
Gross carrying value:	
As at April 1, 2010	-
Additions	-
Disposal/adjustments	-
Acquisition through business combination	67
As at March 31, 2011	67
Accumulated amortisation/impairment:	
As at April 1, 2010	-
Amortisation	12
Disposal/adjustments	-
As at March 31, 2011	12
Net carrying value as at March 31, 2011	55
Particulars	**Intellectual property**
Gross carrying value:	
As at April 1, 2011	67
Additions	-
Disposal/adjustments	-
Acquisition through business combination	-
As at March 31, 2012	67
Accumulated amortisation/impairment:	
As at April 1, 2011	12
Amortisation	13
Disposal/adjustments	-
As at March 31, 2012	25
Net carrying value as at March 31, 2012	42

The amortisation expense for the year ended March 31, 2012 and March 31, 2011 is included in the following line items in the statement of income.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Cost of revenues	12	11
Selling, general and administrative expenses	1	1
Total	**13**	**12**

8. Business combination

The Company entered into a definitive agreement to acquire the business of Sevenstrata IT Services Private Limited ("Sevenstrata") effective May 1, 2010 for a cash consideration of Rs 77. Sevenstrata is a Chennai-based, privately held company that offers end-to-end, fully integrated, remote IT monitoring and management services. The acquisition of Sevenstrata will provide MindTree the advantage of offering platform-based RIM services to its customers globally and also enable MindTree to offer remote desktop management services for its India-based and global customers. The acquisition was carried out by entering into an Agreement to Sell Assets ('Agreement') with Sevenstrata. The customer contracts and employment contracts have not been assigned any value as they do not meet the criteria of an intangible asset.

The following table represents the allocation of purchase price:

Particulars	Preacquisition carrying amount	Fair value adjustments	Purchase price allocated
Computer systems	3	-	3
Furniture, fixtures and equipment	7	-	7
Intangible assets	67	-	67
Total purchase price	**77**	**-**	**77**

9. Available-for-sale financial assets

Investments in liquid and short term mutual fund units and unlisted equity securities are classified as available-for-sale financial assets.

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

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Non-current			
Investment in unlisted equity securities			
Cost	8	8	8
Gross unrealised holding gains	3	1	1
Fair value	11	9	9
Current			
Investment in liquid and short term mutual funds			
Cost	2,751	835	1,266
Gross unrealised holding gains	52	16	1
Fair value	2,803	851	1,267
Total available-for-sale financial assets	**2,814**	**860**	**1,276**

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was Rs 15 and Nil for the year ending March 31, 2012 and March 31, 2011 respectively.

10. Trade receivables

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Trade receivables	4,117	2,860	2,407
Allowance for doubtful accounts receivable	(40)	(35)	(37)
Total	**4,077**	**2,825**	**2,370**

11. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Cash balances	-	-	-
Current and time deposits with banks	602	459	468
Cash and cash equivalents on statement of financial position	**602**	**459**	**468**
Book overdrafts used for cash management purposes	(125)	(87)	(40)
Cash and cash equivalents in the cash flow statement	**477**	**372**	**428**

Balance with banks amounting to Rs 4, Rs 6 and Rs 6 as of March 31, 2012, March 31,2011 and April 01, 2010 included above represents amount pledged with statutory and other authorities as margin money and unpaid dividends and are therefore restricted.

12. Other assets

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Non-current			
Capital advances	102	27	78
Security deposits	490	439	360
Prepaid expenses	202	203	183
Others	-	-	2
	794	**669**	**623**
Current			
Interest bearing deposits with corporates	325	270	170
Prepaid expenses	309	300	188
Advance to employees	150	150	116
Advance to suppliers	19	45	76
Interest accrued and not due	17	18	11
Deposits	34	26	35
Others	38	131	86
	892	**940**	**682**
Total	**1,686**	**1,609**	**1,305**

13. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Non-current			
Unsecured long term loan	26	29	21
	26	**29**	**21**
Current			
Current portion of unsecured long term loan and borrowings	5	5	-
Secured bank loans	407	-	-
Bank overdraft	125	87	40
	537	**92**	**40**
Total	**563**	**121**	**61**

Unsecured long term borrowings represent the amount received from Council for Scientific and Industrial Research (CSIR) to develop a project under "Development of Intelligent Video Surveillance Server (IVSS) system".

The loan is an unsecured loan carrying a simple interest of 3% p.a on the outstanding amount of loan. Repayment of loan is in 10 equal annual installments commencing from June 2011. The project implementation period was a moratorium period ending May 2011 and was not liable for repayment of installments and interest during the said period. However, the interest accrued during the period is amortized and is payable in 3 equal annual installments commencing from June 2011. Any delay in repayment entails a liability of 12% p.a. compounded monthly for the period of delay.

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

During the year ended March 31, 2012, the Company has availed a packing credit loan of USD 8 million which is secured against the trade receivables of the Company. The Company has taken a forward exchange contract with respect to this loan.

14. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Trade payables	137	166	126
Accrued expenses	612	410	443
Total	**749**	**576**	**569**

15. Other liabilities and provisions

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Non-current			
Liability towards acquisition of business (Contingent consideration)	-	-	115
Interest accrued but not due on borrowings	1	2	-
Others	43	38	46
	44	**40**	**161**
Current			
Liability towards acquisition of business (Contingent consideration)	-	37	-
Interest accrued but not due on borrowings	2	1	-
Advances from customers	69	46	39
Employee related liabilities	847	422	568
Statutory dues payable	158	232	212
Other liabilities	8	3	5
	1,084	**741**	**824**
Total	**1,128**	**781**	**985**
Provisions			
Provision for discount	109	49	50
Provision for post contract support services	5	5	5
Others	53	2	24
Total	**167**	**56**	**79**

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance as at beginning of the year	5	5
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	-	-
Provision as at the end of the year	5	5

Provision for discount

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance as at beginning of the year	49	50
Provisions made during the year	87	25
Utilisations during the year	(27)	(11)
Released during the year	-	(15)
Provision as at the end of the year	109	49

Other provisions

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance as at beginning of the year	2	24
Provisions made during the year	61	19
Utilisations during the year	(10)	(11)
Released during the year	-	(30)
Provision as at the end of the year	53	2

16. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Gratuity	1	8	3
Compensated absences	228	179	125
Total	**229**	**187**	**128**

17. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2012 is as follows:

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade receivables	-	4,077	-	-	4,077	4,077
Unbilled revenue	-	479	-	-	479	479
Available-for-sale financial assets	-	-	2,814	-	2,814	2,814
Cash and cash equivalents	-	602	-	-	602	602
Derivative assets	36	-	-	-	36	36
Other assets	-	1,020	-	-	1,020	1,020
Total assets	**36**	**6,178**	**2,814**	**-**	**9,028**	**9,028**
Liabilities						
Loans and borrowings	-	-	-	563	563	563
Trade payables and accrued expenses	-	-	-	749	749	749
Derivative liabilities	597	-	-	-	597	597
Other liabilities	-	-	-	1,086	1,086	1,086
Total liabilities	**597**	**-**	**-**	**2,398**	**2,995**	**2,995**

The carrying value and fair value of financial instruments by categories as at March 31, 2011 is as follows:

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade receivables	-	2,825	-	-	2,825	2,825
Unbilled revenue	-	437	-	-	437	437
Available-for-sale financial assets	-	-	860	-	860	860
Cash and cash equivalents	-	459	-	-	459	459
Derivative assets	101	-	-	-	101	101
Other assets	-	914	-	-	914	914
Total assets	**101**	**4,635**	**860**	**-**	**5,596**	**5,596**
Liabilities						
Loans and borrowings	-	-	-	121	121	121
Trade payables and accrued expenses	-	-	-	576	576	576
Derivative liabilities	336	-	-	-	336	336
Other liabilities	-	-	-	650	650	650
Total liabilities	**336**	**-**	**-**	**1,347**	**1,683**	**1,683**

The carrying value and fair value of financial instruments by categories as at April 01, 2010 is as follows:

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade receivables	-	2,370	-	-	2,370	2,370
Unbilled revenue	-	373	-	-	373	373
Available-for-sale financial assets	-	-	1,276	-	1,276	1,276
Cash and cash equivalents	-	468	-	-	468	468
Derivative assets	129	-	-	-	129	129
Other assets	-	705	-	-	705	705
Total assets	**129**	**3,916**	**1,276**	**-**	**5,321**	**5,321**
Liabilities						
Loans and borrowings	-	-	-	61	61	61
Trade payables and accrued expenses	-	-	-	569	569	569
Derivative liabilities	463	-	-	-	463	463
Other liabilities	-	-	-	815	815	815
Total liabilities	**463**	**-**	**-**	**1,445**	**1,908**	**1,908**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2012, March 31, 2011 and April 1, 2010:

Particulars	As at March 31, 2012	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset - Investments in liquid mutual fund units	2,803	2,803	-	-
Available-for-sale financial asset - Investments in unlisted equity securities	11	-	-	11
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	36	-	36	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	597	-	597	-

Particulars	As at March 31, 2011	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset - Investments in liquid mutual fund units	851	851	-	-
Available-for-sale financial asset - Investments in unlisted equity securities	9	-	-	9
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	101	-	101	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	336	-	336	-

Particulars	As at April 1, 2010	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset - Investments in liquid mutual fund units	1,267	1,267	-	-
Available-for-sale financial asset - Investments in unlisted equity securities	9	-	-	9
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	129	-	129	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	463	-	463	-

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2012 and March 31, 2011.

A reconciliation of changes in the fair value measurement of investments in unlisted securities in level 3 of the fair value hierarchy is given below:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	9	9
Add: total gain recognised in other comprehensive income	2	-
Balance at the end of the year	11	9

Income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Income from available-for-sale financial assets	92	41
Interest income on deposits	84	52
Interest expense	(7)	5

Derivative financial instruments

The Company uses derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates on forecasted cash flows denominated in certain foreign currencies. The counterparty for these contracts is a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

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

In respective currency in million

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Designated derivative instruments (Sell)			
In US $	113	62	88
In Euro	9	5	-
Non-designated derivative instruments (Sell)			
In US $	29	68	100
In Euro	-	-	-
Non-designated derivative instruments (Buy)			
In US $	8	-	-

The Company recognized a net foreign exchange gain on derivative financial instruments of Rs. 4 and Rs. 136 for the years ended March 31, 2012 and March 31, 2011 respectively. These amounts are included in finance income.

In respect of foreign currency derivative contracts designated as cash flow hedges, the Company has recorded a loss of Rs. 282 million and Rs. 32 million in other comprehensive income (net of taxes) as a component of equity for the year ended March 31, 2012 and March 31, 2011 respectively.

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	81	118
Net(gain)/loss reclassified into the statement of income on occurence of hedged transactions	(92)	(129)
Changes in fair value of effective portions of derivatives	(239)	92
Balance at the end of the year	(250)	81

As at March 31, 2012, March 31, 2011 and April 1, 2010, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges or associated with an underlying exposure that did not occur.

The foreign exchange forward and option contracts mature anywhere between 4-5 years. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

USD in million

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Designated derivative instruments (Sell)			
Not later than 1 month	8	9	10
Later than 1 month but not later than 3 months	16	12	18
Later than 3 months but not later than 1 year	101	45	58
Later than 1 year	-	2	2
Non-designated derivative instruments (Sell)			
Not later than 1 month	5	3	3
Later than 1 month but not later than 3 months	8	6	24
Later than 3 months but not later than 1 year	17	30	25
Later than 1 year	-	29	68

Financial risk management

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

Credit risk

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

Trade and other receivables

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

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from top customer	1,338	1,042
Revenue from top 5 customer	5,518	3,785

No single customer accounted for more than 10% of the receivables and revenues as at March 31, 2012, March 31, 2011 and April 1, 2010 and hence there is no significant concentration of credit risk.

Investments

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

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and interest bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents include deposits with banks with high credit-ratings assigned by international and domestic credit-rating agencies. Available-for-sale financial assets include investment in liquid mutual fund units and unlisted equity instruments. Deposits with corporates represent funds deposited with financial institutions for a specified time period. Of the total trade receivables, Rs. 3,608 million, Rs. 2,500 million and Rs. 2,035 million as of March 31, 2012, March 31, 2011 and April 1, 2010, respectively, were neither past due nor impaired.

Financial assets that are past due but not impaired

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

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Past due 0-30 days	203	177	200
Past due 30-60 days	121	74	74
Past due 60-90 days	63	16	34
Past due over 90 days	82	58	26
Total past due and not impaired	**469**	**325**	**334**

The allowance for impairment in respect of trade receivables for the year ended March 31, 2012, March 31 2011 and April 1, 2010 was Rs. 50, Rs. 4 and Rs. 63 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	35	37
Additions during the year	50	4
Trade receivables written off	(45)	(6)
Balance at the end of the year	40	35

Liquidity risk

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

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

The working capital position of the company is given below:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Cash and cash equivalents	602	459	468
Available-for-sale investments	2,803	851	1,267
Interest bearing deposits with corporates	325	270	170
Total	**3,730**	**1,580**	**1,905**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2012, March 31, 2011 and April 1, 2010:

As at March 31, 2012

Particulars	Less than 1 year	1-2 years	2 years and above
Loans and borrowings and bank overdraft	537	5	32
Trade payables and accrued expenses	749	-	-
Derivative Liabilities	597		
Other liabilities	1,086		

As at March 31, 2011

Particulars	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	92	5	36
Trade payables and accrued expenses	576	-	-
Derivative Liabilities	157	179	
Other liabilities	650		

As at April 1, 2010

Particulars	Less than 1 year	1-2 years	2 years and above
Loans and borrowings	40	5	26
Trade payables and accrued expenses	569	-	-
Derivative Liabilities	108	179	176
Other liabilities	815		

Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and Euros) and foreign currency borrowings (in U.S. dollars). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has a foreign currency administrative committee which meets on a periodic basis to formulate the strategy for foreign currency risk management which in turn reports to the Board of Directors.

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

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

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

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

a) An approximately Rs. 63 increase/decrease in the Company's hedging reserve and an approximately Rs. 17 increase/decrease in the Company's net profit for the year ending March 31, 2012;

b) An approximately Rs. 30 increase/decrease in the Company's hedging reserve and an increase of approximately Rs. 36 and a decrease of approximately Rs. 29 in the Company's net profit for the year ending March 31, 2011;

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2012, March 31, 2011 and April 1, 2010.

As at March 31, 2012

Particulars	US $	Euro	Pound Sterling	*Other currencies	Total
Assets					
Trade Receivables	2,661	626	248	214	3,749
Unbilled Revenue	267	2	14	-	283
Cash and cash equivalents	193	51	41	61	346
Other assets	61	1	11	10	83
Liabilities					
Loans and borrowings	407	-	-	-	407
Trade payables and accrued expenses	270	39	34	42	385
Other liabilities	288	39	55	55	437
Net assets/liabilities	**2,217**	**602**	**225**	**188**	**3,232**

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

As at March 31, 2011

Particulars	US $	Euro	Pound Sterling	*Other currencies	Total
Assets					
Trade Receivables	1,948	299	93	210	2,550
Unbilled Revenue	259	35	33	51	378
Cash and cash equivalents	128	34	22	56	240
Other assets	8	-	5	3	11
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	103	26	18	27	174
Other liabilities	215	5	23	32	275
Net assets/liabilities	**2,025**	**332**	**112**	**261**	**2,730**

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

As at April 1, 2010

Particulars	US $	Euro	Pound Sterling	*Other currencies	Total
Assets					
Trade Receivables	1,753	112	64	150	2,079
Unbilled Revenue	279	16	12	51	358
Cash and cash equivalents	117	11	8	29	165
Other assets	13	-	5	4	19
Liabilities					
Loans and borrowings	-	-	-	-	-
Trade payables and accrued expenses	100	11	18	71	200
Other liabilities	333	10	26	24	393
Net assets/liabilities	**1,729**	**115**	**45**	**139**	**2,028**

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

For the year ended March 31, 2012 and 2011 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.58 % and 0.53% respectively.

Interest rate risk

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

For details of the Company's borrowings and investments, refer to note 9, 12 and 13 above.

18. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current taxes		
Domestic	278	139
Foreign	256	153
Total	**534**	**292**
Deferred taxes		
Domestic	(62)	(76)
Foreign	(42)	-
Total	**(104)**	**(76)**
Grand total	**430**	**216**

Tax expense for the year ended March 31, 2012 includes a charge of Rs. 37 relating to earlier periods in a foreign jurisdiction.

Income tax expense has been allocated as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Income tax expense as per the statement of income	430	216
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	6	2
- gains/(losses) on cash flow hedging derivatives	(48)	(5)
	(42)	(3)
Total	**388**	**213**

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit before tax	2,614	1,265
Enacted income tax rate in India	32.45%	33.22%
Computed expected tax expense	848	420
Effect of:		
Income exempt from tax	(570)	(368)
Temporary differences reversed during the tax holiday period	15	7
Expenses disallowed for tax purposes	13	21
Foreign Tax (Net)	106	123
Tax reversals	10	-
Others	8	13
Total income tax expense	**430**	**216**

The tax rates under Indian Income Tax Act, for the year ended March 31, 2012 is 32.45% as compared to 33.22% for the year ended March 31, 2011. This change in tax rate is on account of reduction in surcharge from 7.5% in the financial year 2010-11 to 5% in the financial year 2011-12.

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

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Unused tax losses (long term capital loss) which expire in			
- FY 2015-16	1	1	1
- FY 2016-17	3	3	3
- FY 2018-19	163	-	-
Unused tax losses of foreign jurisdiction	168	159	171

The components of deferred tax assets are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Property, plant and equipment	222	176	171
Allowances for doubtful accounts receivable	6	5	13
Compensated absences	39	33	26
Gratuity	-	-	2
Provision for post contract support services	-	2	2
Others	54	-	-
	321	216	214
Minimum alternate tax	246	108	105
Cash flow hedges	31	(17)	(23)
Available for sale financial assets	(8)	(3)	(1)
Undistributed profit of subsidiaries	-	-	(73)
Total deferred tax assets (net)	**590**	**304**	**222**

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

Pursuant to the changes in the Indian income tax laws in fiscal 2007, Minimum Alternate Tax (MAT) has been extended to income in respect of which deduction is claimed under the tax holiday schemes discussed above; consequently, the Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT and accordingly, a deferred tax asset of Rs. 246, Rs. 108 and Rs. 105 has been recognized in the statement of financial position as of March 31, 2012, March 31, 2011 and April 1, 2010 respectively, which can be carried forward for a period of ten years from the year of recognition.

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

19. Equity

a) Share capital and share premium

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

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

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

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

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

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

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2012 and March 31, 2011 was Rs. 3.75 per share and Rs. 3.25 per share respectively.

The Board of Directors, in their meeting on April 16, 2012, proposed a final dividend of Rs. 1.5 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 16, 2012, and if approved, would result in a cash outflow of approximately Rs. 71, inclusive of corporate dividend tax of Rs. 10.

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

b) Retained earnings

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

c) Share based payment reserve

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

d) Cash flow hedging reserve

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

e) Other reserve

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

Capital Management

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

The capital structure is as follows:

Particulars	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Total equity attributable to the equity share holders of the Company	9,747	7,849	6,818
As percentage of total capital	95%	98%	99%
Current loans and borrowings	537	92	40
Non-current loans and borrowings	26	29	21
Total loans and borrowings	563	121	61
As a percentage of total capital	5%	2%	1%
Total capital (loans and borrowings and equity)	**10,310**	**7,970**	**6,879**

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

20. Expenses by nature

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employee benefits	12,161	9,779
Depreciation and amortisation charges	691	680
Impairment loss on goodwill	-	154
Recruitment, staff welfare and training expenses	322	309
Travel and conveyance	1,103	950
Communication expenses	172	130
Sub-contractor charges/Outsourced technical services/software purchases	731	609
Consumables/maintenance and repairs	402	457
Power and fuel	183	169
Lease rentals/charges	483	456
Printing and stationery	13	19
Advertisement	8	6
Bank charges	9	7
Rates, taxes and insurance	124	25
Marketing expenses	142	106
Legal and professional expenses	233	193
Provision for doubtful accounts receivable	50	3
Others	75	101
Total cost of revenues, selling, general and administrative expenses	**16,902**	**14,153**

21. Employee benefits

a) Employee costs include

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salary and allowances	11,227	8,997
Defined benefit plan - Gratuity cost	28	43
Contribution to provident and other funds	905	726
Share based compensation	1	13
Total	**12,161**	**9,779**

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Cost of revenues	10,163	8,151
Selling, general and administrative expenses	1,998	1,628
Total	**12,161**	**9,779**

b) Defined benefit plans

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Gratuity cost		
Service cost	41	54
Interest cost	19	13
Expected return on plan assets	(19)	(17)
Actuarial (gain)/loss	(13)	(7)
Net gratuity cost	**28**	**43**
Actual Return on plan assets	56	23
Assumptions		
Discount rate	8.54%	7.99%
Expected rate of return on plan assets	7.50%	7.99%
Salary increase	6%	10-12%
Attrition rate	18.2%	25.1%
Retirement age	60	60

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

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

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

Particulars	As at March 31, 2012	As at March 31, 2011
Change in projected benefit obligations		
Obligations at the beginning of the year	265	229
Service cost	41	54
Interest cost	19	13
Benefits settled	(74)	(30)
Actuarial (gain)/loss	25	(1)
Obligations at end of the year	**276**	**265**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	257	227
Expected return on plan assets	19	17
Actuarial gain/(loss)	38	6
Contributions	35	37
Benefits settled	(74)	(30)
Plan assets at the end of the year, at fair value	**275**	**257**

Reconciliation of present value of the obligation and the fair value of the plan assets	As at March 31, 2012	As at March 31, 2011
Fair value of plan assets at the end of the year	275	257
Present value of defined obligations as at the end of the year	(276)	(265)
Asset/ (liability) recognised	**(1)**	**(8)**

Historical Information:

Particulars	Year ended March 31,				
	2012	2011	2010	2009	2008
Present value of defined benefit obligation	(276)	(265)	(229)	(175)	(110)
Fair Value of Plan	275	257	226	168	91
Asset/ (liability) recognised	(1)	(8)	(3)	(7)	(19)

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

Particulars	As at		
	March 31, 2012	March 31, 2011	April 1, 2010
Experience Adjustment on Plan Liabilities	25	(1)	(1)
Experience Adjustment on Plan Assets	38	7	40

The company expects to contribute Rs 42 to its defined benefit plans during the year ending March 31, 2013.

As at March 31, 2012, 2011 and April 1, 2010 100% of the plan assets were invested in insurer managed funds.

22. Finance and other income

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest income	84	52
Gain on sale of available-for-sale financial assets	27	-
Gain on sale of property, plant and equipment	1	1
Dividend income	65	41
Exchange gain, net	199	166
Others	42	110
Total	**418**	**370**

23. Earnings per equity share

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

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,295,202	40,295,202	39,766,786	39,766,786
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	67,957	-	1,098,482
Weighted average number of equity shares for calculation of earnings per share	40,295,202	40,363,159	39,766,786	40,865,268

24. Employee stock incentive plans

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

Program 1 [ESOP 1999]

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

Program 2 [ESOP 2001]

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

Program 3 [ESOP 2006 (a)]

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

Program 4 [ESOP 2006 (b)]

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

Program 5 [ESOP 2008A]

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

Directors' Stock Option Pla n, 2006 (' DSOP 2006')

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

Program 7 [ESOP 2010A]

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

Activities in various programs as explained above during the year ended March 31, 2012 and March 31, 2011 are set out below:

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Program 1:				
Outstanding at the beginning	4,088	10	14,888	10
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	88	10	10,800	10
Outstanding at the end	4,000	10	4,088	10
Exercisable at the end	4,000	10	4,088	10
Program 2:				
Outstanding at the beginning	126,763	50	183,877	50
Forfeited during the year	-	-	-	-
Lapsed during the year	7,272	50	2,641	50
Exercised during the year	40,124	50	54,473	50
Outstanding at the end	79,367	50	126,763	50
Exercisable at the end	79,367	50	126,763	50
Program 3:				
Outstanding at the beginning	83,548	250	195,916	250
Forfeited during the year	35	250	10,180	250
Lapsed during the year	38,255	250	7,295	250
Exercised during the year	45,258	250	94,893	250
Outstanding at the end	-	-	83,548	250
Exercisable at the end	-	-	83,408	250
Program 4:				
Outstanding at the beginning	2,308,946	357	2,658,934	346
Option Granted during the year	110,000	444	183,500	519
Forfeited during the year	174,145	402	198,000	419
Lapsed during the year	486,768	337	39,393	368
Exercised during the year	408,995	309	296,095	313
Outstanding at the end	1,349,038	380	2,308,946	357
Exercisable at the end	1,013,388	349	1,459,494	331
Program 5:				
Outstanding at the beginning	150,218	395	233,472	407
Forfeited during the year	-	-	17,046	448
Lapsed during the year	24,477	425	49,797	444
Exercised during the year	938	162	16,411	359
Outstanding at the end	124,803	390	150,218	395
Exercisable at the end	124,803	390	135,868	387
Program 6:				
Outstanding at the beginning	165,000	484	97,521	292
Option Granted during the year	-	-	115,000	560
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	13,333	355	47,521	300
Outstanding at the end	151,667	495	165,000	484
Exercisable at the end	75,001	413	33,333	285

The weighted average share price of options exercised during the year ended March 31, 2012 and March 31, 2011 were Rs 394.05 and Rs 515.42 respectively.

The table below summarizes information about share options outstanding as of March 31,2012:

Particulars	Options outstanding		
	Number of Share options	Weighted average remaining contractual life (years)	Range of exercise price
Program 1	4,000	0.04	10
Program 2	79,367	2.91	50
Program 3	-	-	250
Program 4	1,349,038	1.59	240-580
Program 5	124,803	4.20	77-478
Program 6	151,667	2.23	238-560

The table below summarizes information about share options outstanding as of March 31, 2011:

Particulars	Options outstanding		
	Number of Share options	Weighted average remaining contractual life (years)	Range of exercise price
Program 1	4,088	1.05	10
Program 2	126,763	3.84	50
Program 3	83,548	0.23	250
Program 4	2,308,946	1.82	240-580
Program 5	150,218	5.21	77-478
Program 6	165,000	3.08	238-560

The table below summarizes information about share options outstanding as of March 31, 2010:

Particulars	Options outstanding		
	Number of Share options	Weighted average remaining contractual life (years)	Range of exercise price
Program 1	14,888	1.43	10
Program 2	183,877	4.85	50
Program 3	195,916	1.18	250
Program 4	2,658,934	2.61	240-580
Program 5	233,472	6.30	16-478
Program 6	97,521	1.57	238-355

During the year ended March 31, 2012, 110,000 options under Program 4 were granted by the Company.

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2012 was Rs 333.01 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs 444
Exercise price	Rs 444
Dividend yield%	0.23%
Expected life	3 - 5 years
Risk free interest rate	8.22%
Volatility	100.54%

25. Operating leases

The Company has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the year ended March 31, 2012 and March 31, 2011 was Rs 100 and Rs 173 respectively. Future minimum lease payments under non-cancelable operating lease as at March 31, 2012 is as below:

Minimum lease payments	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Payable – Not later than one year	149	40	36
Payable – Later than one year and not later than five years	266	60	60
Payable – Later than five years	212	222	233

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2012 and March 31, 2011 was Rs 254 and Rs 201 respectively.

26. Related party relationships and transactions

List of subsidiaries as of March 31, 2012 is given below:

Name of the subsidiaries	Country of incorporation	Proportion of interest
MindTree Software (Shenzhen) Co Ltd.	Republic of China	100%
MindTree Wireless Pte. Ltd.*	Singapore	100%

* Dissolved with effect from April, 5, 2011.

Key managerial personnel:

Dr. Albert Hieranimous	Non-executive Chairman (Appointed as Non-executive Vice Chairman with effect from April 1, 2012)
Subroto Bagchi	Gardener and Vice-Chairman (Appointed as Chairman with effect from April 1, 2012)
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Group-CEO-PES
George. M. Scalise	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
Mark. A. Runacres	Non-executive Director of MindTree (Resigned with effect from March 31, 2012)
N. Vittal	Non-executive Director of MindTree (Stepped down with effect from March 31, 2012)
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	Resigned with effect from August 1, 2011
Prof. Pankaj Chandra	Appointed as Non-executive Director of MindTree with effect from March 19, 2012
Ashok Soota	Executive Chairman (resigned with effect from March 31, 2011)

Transactions with key management personnel is as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2012 and March 31, 2011 have been detailed below:

Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
Executive directors		
Salaries	17	20
Contribution to provident fund	1	1
Bonus & incentives	26	4
Reimbursement of expenses	3	4
Total Remuneration	**47**	**29**
Non-executive directors		
Commission	26	14
Director fees	-	1
Total Remuneration	**26**	**15**

27. Commitments and contingencies

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2012, March 31, 2011 and April 1, 2010 is Rs 420, Rs 122 and Rs 382 respectively.

b) The Group has received income tax assessment for the financial years 2004-05 and 2008-09 wherein demand of Rs 6 and Rs 24 respectively has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group. The tax demand for financial year 2008-09 also includes disallowance of portion of profit earned outside India from the STP and SEZ units.

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

c) The Group has received income tax assessments for the financial years 2006-07 and 2007-08 for the erstwhile subsidiary i.e. MindTree Technologies Private Limited ('MTPL') with demands amounting to Rs. 11 and Rs. 10 on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the consolidated financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.

d) The Group has received income tax assessments 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, 2004-05, 2005-06, 2006-07 and 2007-08 (draft) wherein demand of Rs 91 , Rs 49 , Rs 61 , Rs 45 , Rs 58 , Rs 119 and Rs 219 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 financial 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, in an earlier 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 Assessing Officer for re-assessment. The Group has preferred an appeal with the Hon'ble High Court of Karnataka against the order of the ITAT. Further, the Hon'ble High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

The Group had appealed against the demands received for financial year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. 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 consolidated financial statements.

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

28. Segment information

The CEO & MD of the company has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant policies.

Industry segments for the company are primarily Information Technology ('IT') Services and Product Engineering ('PE') Services. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. PE Services provides full life cycle product engineering, professional services and sustained engineering services. It also enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing.

During the current year ended March 31, 2012, the Company has transitioned into a new organization structure, which has resulted in changes in the composition of the Company's reportable segments, including financial information reviewed by the CODM. Accordingly, the segment information for the year ended March 31, 2012 and March 31, 2011 has been presented based on the new reportable segments as referenced above.

Geographic segmentation is based on business sources from that geographic region and delivered from both on-site and off-shore. America comprises of United States of America and Canada, Europe includes continental Europe and United Kingdom; and the rest of the world comprises of all other places except those mentioned above and India.

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as “unallocated” and directly charged against total income.

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

Geographical information on revenue and industry revenue information is collated based on individual customers invoices or in relation to which the revenue is otherwise recognized.

Industry Segments:

Consolidated statement of income for year ended March 31, 2012	**IT Services**	**PE Services**	**Total**
Revenues	12,530	6,569	19,099
Operating expenses, net	10,449	5,752	16,201
Segmental operating income	**2,081**	**817**	**2,898**
Unallocable expenses			699
Profit for the year before finance expense, finance and other income and tax			2,199
Finance expense			(7)
Finance and other income			418
Profit before tax			**2,610**
Income tax expense			(430)
Profit after taxes			**2,180**

Consolidated statement of income for for year ended March 31, 2011	**IT Services**	**PE Services**	**Total**
Revenues	8,765	6,288	15,053
Operating expenses, net	7,633	5,823	13,456
Segmental operating income	**1,132**	**465**	**1,597**
Unallocable expenses			673
Profit for the year before finance expense, finance and other income and tax			924
Finance expense			(5)
Finance and other income			370
Profit before tax			**1,289**
Income tax expense			(216)
Profit after tax			**1,073**

Geographical segments

Revenues	**Year ended March 31, 2012**	**Year ended March 31, 2011**
America	11,054	9,306
Europe	5,013	2,885
India	1,487	1,287
Rest of World	1,545	1,575
Total	**19,099**	**15,053**

Major customers: No client individually accounted for more than 10% of the revenues for the year ended March 31, 2012 and March 31, 2011.

Notice of the Thirteenth Annual General Meeting

NOTICE is hereby given that the thirteenth annual general meeting of the members of MindTree Limited will be held on Monday, July 16, 2012 at 3.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore -560 001, India, to transact the following business as:

Ordinary Business:

1. To receive, consider, approve and adopt the audited balance sheet as at March 31, 2012 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 25 %(including a special dividend of 10%) for the year 2011-12 and to declare an additional final dividend of 15% for the financial year ended March 31, 2012 on equity shares.
3. To appoint a director in place of Dr. Albert Hieronimus, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. R. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Siddhartha V.G., who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory auditors to hold office from the conclusion of the thirteenth annual general meeting until the conclusion of the fourteenth annual general meeting and to authorize the board of directors or a committee thereof, to fix their remuneration. The retiring auditors, M/s B S R & Co., Chartered Accountants (Firm registration number 101248W) are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

   *“**RESOLVED THAT** M/s B S R & Co., Chartered Accountants (Firm registration number 101248W), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of thirteenth annual general meeting to the conclusion of the fourteenth annual general meeting, on such remuneration and method of payment as may be determined by the board of directors or a committee thereof.”*

Special Business:

7. **Appointment of director, liable to retire by rotation – Prof. Pankaj Chandra**

   To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   *“**RESOLVED THAT** Prof. Pankaj Chandra who was appointed as an additional director of the Company by the board of directors on March 19, 2012 and who ceases to hold office on the date of the thirteenth annual general meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as director of the Company liable to retire by rotation.*

   ***RESOLVED FURTHER THAT** the board of directors (including a committee thereof), be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of appointment or remuneration from time to time, obtaining approvals and all things incidental and ancillary thereto.”*

8. **Appointment of director, liable to retire by rotation –Mr. Ramesh Ramanathan**

   To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   *“**RESOLVED THAT** Mr. Ramesh Ramanathan who was appointed as an additional director of the Company by the board of directors on May 02, 2012 and who ceases to hold office on the date of the thirteenth annual general meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as director of the Company liable to retire by rotation.*

   ***RESOLVED FURTHER THAT** the board of directors (including a committee thereof), be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of appointment or remuneration from time to time, obtaining approvals and all things incidental and ancillary thereto.”*

9. **Approval of appointment and remuneration of Mr. Subroto Bagchi as Executive Chairman**

   To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   *“**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactments thereof for time being in force) the shareholders of the Company hereby accord their consent and approval for appointing Mr. Subroto Bagchi, as Executive Chairman of the Company with effect from April 1, 2012 until expiration or termination of his employment contract (including extensions), if any.*

   ***RESOLVED FURTHER THAT** the appointment of Mr. Subroto Bagchi, the terms and conditions of the agreements and all actions taken by the board of directors (including a committee thereof) of the Company and all the incidental and ancillary things done pursuant to the said appointment, remuneration and agreement are hereby specifically approved and ratified.*

   ***RESOLVED FURTHER THAT** if in any financial year, the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi shall be entitled to receive the same remuneration, perquisites and benefits subject to compliance with applicable provisions of the Companies Act, 1956 and to the extent necessary, with the approval of the Central Government.*

   ***RESOLVED FURTHER THAT** the aggregate amounts of Managerial Remuneration to Mr. Subroto Bagchi, shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 269, 309, 310, 349, 350 and any other applicable provisions of the Companies Act, 1956.*

__RESOLVED FURTHER THAT__ the board of directors (including a committee thereof), be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to giving authority to the board of directors (including a committee thereof), the power to grant increments and to alter/revise the terms of appointment, remuneration, from time to time within the limits provided for in the Companies Act,1956."

10. Approval of further issue of 1,000,000 equity shares of Rs. 10/- each and approval of MindTree Employee Restricted Stock Purchase Plan 2012

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"__RESOLVED THAT__ pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, including the relevant circulars and notifications issued by the Reserve Bank of India ("the RBI"), SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme, Guidelines, 1999) ("the SEBI ESPS Guidelines") issued by Securities and Exchange Board of India on Employee Stock Option and Stock Purchase Plans, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009(ICDR Regulations), and the Memorandum of Association and Articles of Association of MindTree Limited ("the Company") and subject to the approval, consent , permission and/or sanction, if any, of the appropriate authorities/institution or bodies as may be necessary and subject to such terms and conditions as may be prescribed, imposed, consent and approval of the members of the Company, be and is hereby accorded to the board of directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to issue, offer and allot to any one or more or all of the employees of the Company, (including executive and non-executive directors but excluding the promoter directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) upto 1,000,000 (one million only)(or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) equity shares of nominal value of Rs. 10/- each (Shares) under the MindTree Employee Restricted Stock Purchase Plan 2012 created by the Company for the benefit of the employees, at an exercise price of not less than the face value of the equity shares on the terms and conditions as detailed in the MindTree Employee Restricted Stock Purchase Plan 2012 and explanatory statement annexed hereto.

__RESOLVED FURTHER THAT__ pursuant to the MindTree Employee Restricted Stock Purchase Plan 2012 created by the Company, the Board be and is hereby also authorised on behalf of the Company to offer, issue or allot such number of equity shares of the Company within the overall limit of upto 1,000,000 (one million only)(or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) equity shares of nominal value of Rs. 10/- each referred to above to the employees of the subsidiary companies whether in India or overseas (including executive and non-executive directors of such subsidiary companies but excluding promoter directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) and subject to approval of SEBI and other statutory authorities to such other category of persons as may be permitted from time to time and as may be deemed necessary by the Board of the Company.

__RESOLVED FURTHER THAT__ the Board be and is hereby also authorised to determine all other terms and conditions of the issue of the said 1,000,000 (one million only) (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) equity shares of nominal value of Rs. 10/-each as the Board may in its absolute discretion determine.

__RESOLVED FURTHER THAT__ the Board be and is hereby also authorised to offer, issue or allot such number of equity shares as may be required to be issued and allotted upon exercise or as may be necessary in accordance with the terms of the offering, all such equity shares ranking pari-passu with the equity shares of the Company in all respects as may be provided and as amended from time to time.

__RESOLVED FURTHER THAT__ for the purpose of giving effect to any offer, issue or allotment of equity shares of nominal value of Rs. 10/- each as described above, the Board and other designated officers of the Company be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its/their absolute discretion deem necessary or desirable for such purpose, including without limitation, filing necessary documents, statements with the stock exchanges, statutory authorities and other agencies and such other regulatory authority as may be necessary for listing on the Stock Exchanges.

__RESOLVED FURTHER THAT__ the Board be and are hereby also authorised to settle all questions, difficulties or doubts that may arise in regard to the offer, issue or allotment of equity shares of nominal value of Rs. 10/- each and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of these resolutions.

__RESOLVED FURTHER THAT__ the Board be and are hereby also authorised to delegate all or any of the powers herein conferred to any committee of the directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.

__RESOLVED FURTHER THAT__ the Board be and are hereby also authorised to determine all other terms and conditions of the offer, issue or allotment of the said equity shares of nominal value of Rs. 10/- each as the Board may in its absolute discretion determine."

11. Approval of amendments for payment of remuneration to executive directors

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"__RESOLVED THAT__ pursuant to the provisions of sections 198, 269, 309 and 310 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and subject to approval of the Central Government, as may be required, consent and approval of the shareholders of the Company be and is hereby accorded and granted to the board of directors (including a committee thereof), the power to grant increments, to add new heads or items for payment(s), modify, alter or amend or revise or otherwise vary the terms of remuneration, base salary, other benefits, commission based on net profits, perquisites, other benefits and allowances including but not limited to rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premiums on

personal accident and health insurance, club fees, use of car with driver, telephones, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund, gratuity, leave entitlement, encashment of leave and housing and such other perquisites, benefits and allowances, stock appreciation rights, etc., collectively (Managerial Remuneration) to the current whole time directors of the Company - Mr. Subroto Bagchi, Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Chief Technology Officer with effect from April 1, 2012 till the expiry of their present term of office, as per terms and conditions detailed in the explanatory statement annexed to this notice, such overall amounts of Managerial Remuneration shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 269, 309, 310, 349, 350 and any other applicable provisions of the Companies Act, 1956.

***RESOLVED FURTHER THAT** the aggregate amounts of Managerial Remuneration to the said executive directors of the Company individually shall always be within the overall ceiling laid down in the sections 198, 269, 309, 310 and schedule XIII and other applicable provisions of the Companies Act, 1956.*

***RESOLVED FURTHER THAT** the aggregate amounts of Managerial Remuneration to the said executive directors of the Company shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 269, 309, 310, 349, 350 and any other applicable provisions of the Companies Act, 1956.*

***RESOLVED FURTHER THAT** if in any financial year, the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi, Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Chief Technology Officer shall be entitled to receive the same enhanced Managerial Remuneration subject to compliance with applicable provisions of the Companies Act, 1956 and to the extent necessary, with the approval of the Central Government.*

***RESOLVED FURTHER THAT** all actions taken by the board of directors (including a committee thereof) and all matters related thereto are specifically approved and ratified.*

***RESOLVED FURTHER THAT** the board of directors (including a committee thereof) be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of remuneration from time to time and obtaining Central Government approval and all things incidental and ancillary thereto."*

By the order of the board of directors

for MindTree Limited

Place: Bangalore

Date: May 2, 2012

Rajesh S Narang

Vice President - 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 10, 2012 to July 16, 2012 (both days inclusive).
5. All documents as mentioned in the resolutions and or explanatory statement are available for inspection at the registered office of the Company by the members from 10.00 a.m. to 12.00 noon on any working day and will be made available at the venue of the thirteenth 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 thirteenth annual general meeting and at the registered office of the Company from 10.00 a.m to 12.00 noon on any working day.
7. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956 and register of contracts maintained under section 301 of the Companies Act, 1956, at the venue of the thirteenth annual general meeting and at the registered office of the Company from 10.00 a.m to 12.00 noon on any working day.
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 thirteenth annual general meeting.
9. The Company uses addresses, e-mails and bank account mandates furnished by the depositories for updating its records of the shareholders holding shares in electronic/demat form. Members holding shares in demat form are requested to notify any change in their addresses, e-mails and or bank account mandates to the depository participant (DP) 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 205C of the Companies Act,1956, be transferred to the Investor Education & Protection Fund.
11. The Reserve Bank of India (RBI) has instructed banks to move to the National Electronic Clearing Service (NECS) platform. In this regard, please note that if the members have not provided to the Company or their DP the new bank account number, if any, allotted to them, after implementation of Core Banking System (CBS), credit of dividend through NECS to their old bank account number, may be rejected or returned by the banking system. In the above circumstances, the members holding shares in physical form are requested to furnish the new bank account number, if any, allotted to them by their bank after it has implemented the CBS together with name of the Bank, Branch, 9 digit MICR Bank / Branch code, account type by quoting their folio number and a photocopy of the cheque pertaining to their bank account, so that the dividend can be credited to the said bank account. Members who have not opted or updated their accounts are now requested to opt for this to avoid losses and delays.
12. In terms of the amended clause 5A of the listing agreement, the Company has sent reminders to those shareholders who have not yet claimed their share certificates issued to them by the Company in physical form. Concerned shareholders are requested to contact the Company or the Share Transfer Agent (STA) and lodge their claim for the said shares.
13. Ministry of Corporate Affairs (MCA) vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a company would be deemed to have complied with the provisions of sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc., are sent in electronic form to its members. Accordingly, the said documents of the Company for the financial year ended March 31, 2012 will be sent in electronic form to those members who have registered their e-mail address with their DP and made available to the Company by the depositories or the Company. However, in case a member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to investors@mindtree.com, duly quoting his DP ID and Client ID or the Folio number, as the case may be. Members holding shares in physical form are requested to submit their e-mail address to the STA, duly quoting their Folio number. Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA. Please note that the said documents will also be uploaded on the website of the Company - www.mindtree.com and made available for inspection at the registered office of the Company during business hours.
14. Members are requested to address all their correspondences including those for remat/demat, nomination requests, share transfers, change of address/ mandates for physical holdings, etc., to the STA - Link Intime India Pvt. Ltd. or to the Company at the addresses as detailed under the corporate governance section.
15. Subject to provision of section 206 A, of the Companies Act, 1956, final dividend as recommended by the board of directors, if declared at the meeting, will be paid on or before July 25, 2012 to those members whose names appear on the register of members as on July 9, 2012.

Information pursuant to clause 49 of the listing agreement regarding appointment of a new director or re-appointment of directors.

1. Dr. Albert Hieronimus

Vice- Chairman

Chairman - Investor Grievances Committee and Nomination & Corporate Governance

Member - Audit and Strategic Initiatives Committee

Dr. Albert Hieronimus was the Chairman of the MindTree board of directors for the period April 1, 2011 to March 31, 2012 and is a part of the Investor Grievances Committee, the Audit & Strategic Initiatives Committee and the Nomination and Corporate Governance Committee. He has been on the Board since 2006 and has been the lead independent director. On April 1, 2012, he assumed the role of Vice Chairman of the Board w.e.f April 1, 2012.

In his capacity as the Chairman he has made significant contributions to the board and the management team and has been the active voice of reason and conscience during difficult moments. Dr. Hieronimus has also been the Chairman of the executive board at Bosch Rexroth AG since February 2008 and has over 30 years of industry experience at Mannesmann and Bosch Group companies. In 2003, Dr. Hieronimus was appointed 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.

Throughout this time, he has assumed various leadership positions, his scope of knowledge and experience ranges from sales, finance and planning to management accounting, human resources, development and information processing.

Since 1979, Dr. Hieronimus has assumed various positions at Mannesmann Demag AG over 14 years, his last role being as the Managing Director of the subsidiary company Mannesmann DemagBaumaschinen GmbH. A PhD mathematician, Dr. Hieronimus is an alumnus of the University of Cologne.

Name of the Company/Firm/Body Corporate	Nature of Interest	Committee Name & Position
Public Limited Companies		
1) Bosch Limited, Bangalore	Chairman	-
Body Corporates (Includes Foreign Companies)		
1) Bosch Rexroth AG, Stuttgart	Member of supervisory board	Member

Dr. Hieronimus holds 23,333 equity shares of Rs. 10/- each of the Company as on March 31, 2012.

2. Mr. R. Srinivasan

Independent Director

Member - Audit, Compensation and Strategic Initiatives Committee

Mr. 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.

Name of the Company/Firm/Body Corporate	Nature of Interest	Committee Name & Position
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 Limited	Director	-
5) Nettur Technical Training Foundation (Guarantee Co. u/Sec.25)	Director	-
6) TTK Healthcare Limited	Director	-
7) TTK Prestige Limited	Director	Audit Committee, Remuneration Committee, Member
8) Tube Investments of India Limited	Director	Audit Committee, Remuneration Committee, Member
9) Sundaram Fasteners Limited	Director	Audit Committee, Chairman
10) Yuken India Limited	Director	Audit Committee, Remuneration Committee, Member
11) Sterling Abrasives Limited	Director	-
Private Limited Companies		
1) Dakshin Foundries Private Limited	Director	-
2) TaeguTec India Private Limited	Director	-
3) Edutech NTTF India Private Limited	Director	-
4) NTTF Industries Private Limited	Director	-
5) Bangalore International Exhibition Services Private Limited	Director	-

Mr. R . Srinivasan holds 10,000 equity shares of Rs. 10/- each of the Company as on March 31, 2012.

3. **Mr. V.G. Siddhartha**

Non-Executive Director

Member - Audit, Administrative, Compensation, Strategic Initiatives and Nomination & Corporate Governance Committee

Mr. 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.

Name of the Company/Firm/Body Corporate	Nature of Interest	Committee Name & Position
Public Limited Companies		
1)Amalgamated Bean Coffee Trading Company Limited	Chairman cum Managing Director	Audit Committee, Member
2)Global Technology Ventures Limited	Director	-
3)Kesar Marble and Granite Limited	Director	-
Private Limited Companies		
1) Sivan Securities Private Limited	Director	-
2) Gonibedu Coffee Estates Pvt Ltd (Formerly known as Sivan Securities (Mangalore) Private Limited)	Director, Resigned W.e.f 18-01-2012	-
3) Coffee day Consolidations Private Limited	Director	-
4) Devadarshini Info Technologies Private Limited	Director	-
5) Rajagiri and Sankhan Estates Private Limited	Director	-
6) Sampigehutty Estates Private Limited	Director	-
7) Ittiam Systems Private Limited	Director	-
8) Alps Stone Private Limited	Director	-
9) Way2Wealth Brokers Private Limited	Director	-
10) Chandrapore Estates Private Limited	Member	-
11) Coffee day Hotels & Resorts Private Limited	Director	-
12) Tanglin Developments(Mumbai) Private Limited	Director	-
13) Coffee day Resorts (MSM) Private Limited	Director	-
14) Coffee Day Private Limited	Director	-
15) Terra Firma (Solid Waste Management) Chennai Private Limited	Director	-
16) Dark Forest Furniture Co Private Limited	Director	-
17) Coffee Day Natural Resources Private Limited	Director	-
18) Coffee Day Resorts Private Limited	Member	-
19) Kurkenmutty Estates Private Limited	Member	-
20) Chethan Wood Processing Private Limited	Member	-
21) Shankar Resources Private Limited	Member/Preference shareholder	-
22) Vakrathunda Holding Private Limited	Member	-
23) Vaitara Timber Trading Private Limited	Member	-
Partnership Firms		
1) Bhadra Estates	-	-
2) Chethanahalli B Estates	-	-
3) Chethanahalli C Estates	-	-
4) Kailash Ganga Estates	-	-
5) ShabanaRanzan Estates	-	-
6) Vaz Enterprises	-	-
7) Coffee Day Holdings Co.	-	-
8) Balaji Plantations	-	-
Proprietary Concerns		
1) Sivan & Co.	-	-
2) Devadarshini Estates	-	-
3) Chethanahalli D Estates	-	-
4) Chandrapore & Heggodlu Estates	-	-

Mr. V.G. Siddhartha does not hold any equity shares of the Company as on March 31, 2012.

4. Prof. Pankaj Chandra

Independent Director

Currently, Director IIM, Bangalore

Professor of Operations & Technology Management

Educational Qualifications:

Ph. D., The Wharton School, University of Pennsylvania, USA, 1989

B. Tech., Institute of Technology, Banaras Hindu University, India, 1983

Visiting Positions

- Visiting Professor, Johnson Graduate School of Management, Cornell University, Ithaca, USA, October 2004
- Visiting Professor, International University of Japan, Niigata, Japan, May-June, 2003 & 2004
- Associate Dean (Academic Affairs & Post Graduate Programme), Indian School of Business, Hyderabad, India, 2001-2002
- Visiting Professor, Indian Institute of Management, Ahmedabad, 1994-1995
- Visiting Professor, Department of Industrial Economics, Renmin University, Beijing, China, December 1993
- Visiting Professor, SES-COMIN, University of Geneva, Geneva, Switzerland, April-June, 1991
- Lecturer, Department of Decision Sciences, The Wharton School, University of Pennsylvania, Philadelphia, USA, September-December, 1986
- Research Associate, The Industry Department, The World Bank, Washington D.C., USA, June-September, 1985
- Research Associate, US Bureau of Mines Project, University of Alaska, Fairbanks, USA

Research Interests

Manufacturing Management, Supply Chain Coordination, Technology Networks & Capability Building in Manufacturing Firms.

Teaching Interests

Operations Management, Marketing, Manufacturing & Supply Chain Coordination, Managing Technology Networks, Technology driven Entrepreneurship and Decision Theory.

Name of the Company/Firm/Body Corporate	Nature of Interest	Committee Name & Position
Public Limited Companies		
1) Mazagaon Docks Ltd	Director	Remuneration , Chairman
2) IIMB Innovation	Chairman	-

Prof. Pankaj Chandra does not hold any equity shares of the Company as on March 31, 2012.

5. Mr. Ramesh Ramanathan

Independent Director

Co-Founder of Janaagraha Centre for Citizenship and Democracy

Educational Qualifications:

MS in Physics from BITS Pilani

MBA from Yale University

Mr. Ramesh Ramanathan is a social entrepreneur and works on urban issues in India. He is a co-founder of Janaagraha Centre for Citizenship and Democracy, a non-profit organisation focused on transforming quality of life in urban India. He is also the Chairman of Janalakshmi Social Services, a not-for-profit social business holding company that has promoted enterprises in urban financial inclusion and urban affordable housing.

Mr. Ramesh works closely with the government on urban issues in a pro-bono capacity. His current positions include being the National Technical Advisor, Government of India for the Jawaharlal Nehru National Urban Renewal Mission, the country's flagship urban mission.

Prior to his social initiatives, Mr. Ramesh worked in a leadership position at Citibank, North America.

He was nominated as one of the Young Global Leaders by the World Economic Forum in 2007.

Name of the Company/Firm/Body Corporate	Nature of Interest	Committee Name & Position
Public Limited Companies		
1) NIL	NIL	NIL

Mr. Ramesh Ramanathan does not hold any equity shares of the Company as on March 31, 2012.

Explanatory Statement - (Pursuant to section 173(2) of the Companies Act, 1956)

Item No.7

The board of directors of the Company vide a circular resolution on March 19, 2012 appointed Prof. Pankaj Chandra as an additional director. Pursuant to section 260 of the Companies Act, 1956 (the Act), Prof. Pankaj Chandra holds office upto the date of the thirteenth annual general meeting.

Under section 257 of the Act, any member desirous of appointing a director shall nominate, in writing, any person for the position of directorship not less than 14 days prior to the general meeting.

The Company has received a notice in writing from a member in terms of section 257 of the Act signifying his intention to propose the candidature of Prof. Pankaj Chandra for the office of director of the Company at the thirteenth annual general meeting along with the requisite deposit.

Consequently, your directors send this notice to each one of you in compliance with section 257 and all other applicable provisions of the Act and recommend that Prof. Pankaj Chandra be appointed as a director liable to retire by rotation.

Copy of the notice received from member and receipt issued for money received is available for inspection by the members of the Company at the registered office from 10.00 a.m. to 12.00 noon on any working day of the Company.

No director other than Prof. Pankaj Chandra is interested in or concerned in the aforesaid resolution.

Item 8

The board of directors of the Company vide a circular resolution on May 02, 2012 appointed Mr. Ramesh Ramanathan as an additional director. Pursuant to section 260 of the Companies Act, 1956 (the Act), Mr. Ramesh Ramanathan holds office upto the date of the thirteeth annual general meeting.

Under section 257 of the Act, any member desirous of appointing a director shall nominate, in writing, any person for the position of directorship not less than 14 days prior to the general meeting.

The Company has received a notice in writing from a member in terms of section 257 of the Act signifying his intention to propose the candidature of Mr. Ramesh Ramanathan for the office of director of the Company at the thirteenth annual general meeting along with the requisite deposit.

Consequently, your directors send this notice to each one of you in compliance with section 257 and all other applicable provisions of the Act and recommend that Mr. Ramesh Ramanathan be appointed as a director liable to retire by rotation.

Copy of the notice received from a member and receipt issued for money received is available for inspection by the members of the Company at the registered office from 10.00 a.m. to 12.00 noon on any working day of the Company.

No director other than Mr. Ramesh Ramanathan is interested in or concerned in the aforesaid resolution.

Item 9

Mr. Subroto Bagchi is the Co-founder of MindTree Limited and a whole time Director, since inception of the Company. Mr. Subroto Bagchi relocated to India from US and was the Gardener of the Company driving a leadership development role in the Company. He was appointed as the Executive Chairman of the board of directors with effect from April 1, 2012.

He holds a degree in political science from Utkal University, Bhubaneswar, Odisha, India. Prior to co-founding our Company, he worked for over a decade with various U.S. and Indian companies in the software services industry. He served Lucent Technologies as Vice President for product realisation from 1998 to 1999. He was involved in setting up Six Sigma initiatives at Wipro Limited as Corporate Vice President, mission quality and he also headed its global research and development division as a Chief Executive. He has written several articles on management and technology issues for newspapers and magazines and has lectured at management schools and industry platforms in India, the U.S. and Singapore.

Brief terms of appointment of Mr. Subroto Bagchi as Executive Chairman

The appointment of Mr. Subroto Bagchi as Executive Chairman will commence from April 1, 2012. He will be a member of the board of directors of the Company, entrusted with powers of management having control on general conduct and management of the business affairs of the Company. Mr. Subroto Bagchi will be based at Bangalore and will undertake such travel in and outside India and shall perform such duties and responsibilities as may be entrusted to him, from time to time. No sitting fee shall be paid to Mr. Subroto Bagchi for attending the meetings of the board of directors or any committee thereof. He shall hold this office until expiration or termination of his employment contracts (including extensions).

The remuneration paid/payable to Mr. Subroto Bagchi will be as follows:

Mr. Subroto Bagchi was paid an annual Managerial Remuneration comprising base pay & commission (including contribution to PF and other statutory dues) of Rs. 14,506,168 for FY 2011-12. From financial year 2012-13, onwards, he is entitled to:

- Base of annual Managerial Remuneration referred above and increments upto 5% of the net profits from the financial year April 1, 2012.
- Performance evaluation payment/commission in addition to the base pay, at sole discretion of the board (or a committee thereof) at an amount not to exceed 5% of the profits of the Company computed in accordance with the provisions of the Companies Act, 1956 (the Act). The performance evaluation payment/commission will be paid at such intervals, board or committee thereof determines.
- The above remuneration and payments will be subject to all appropriate and/or authorized payroll deductions.

Mr. Subroto Bagchi shall also be eligible for the following:

1. Leave on full pay and allowances, as per Company's rules with encashment of leave.
2. Provision of car with driver, telephone, fax and internet as per Company's rules.
3. Gratuity payable as per rules of the Company.
4. Mediclaim policy premium: Mr. Subroto Bagchi and his family members will be eligible to participate in the Company's health insurance scheme, instituted for the benefit of all the employees of the Company. The Company will bear the cost of insurance premium payable with respect to the above-mentioned health insurance.
5. Such other benefits, amenities, facilities and perquisites as per rules of the Company as applicable to the senior executives and as may be permitted by the board of directors or committee thereof.
6. Stock appreciations, rights as the board/committee thereof decides.

Explanation: Family shall mean spouse, dependent children and dependent parents.

Shareholders' approval is now sought to empower the board of directors (including a committee thereof) to grant increments, to add new heads or items for payment(s), modify, alter or amend or revise or otherwise vary the terms of remuneration, base salary, other benefits, commission based on net profits, perquisites, other benefits and allowances including but not limited to rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premiums on personal accident and health insurance, club fees, use of car with driver, telephones, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund, gratuity, leave entitlement, encashment of leave and housing and such other perquisites, benefits and allowances, stock appreciation rights etc., (collectively Managerial Remuneration) to the current whole time director of the Company - Mr. Subroto Bagchi, Chairman, with effect from April 1, 2012 till the expiry of their present term of office.

Where, if in any financial year, the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi shall be entitled to receive the same enhanced Managerial Remuneration subject to compliance with applicable provisions of the Act, and to the extent necessary, with the approval of the Central Government.

The remuneration payable to Mr. Subroto Bagchi will be within the permissible limits specified by schedule XIII of the Act and is commensurate with responsibility in a company of this size, complexities and extent of operations.

Shareholding & stock options

Mr. Subroto Bagchi holds 2,078,435 equity shares of the Company being 5.13% of the paid up capital in his name on March 31, 2012. No stock options are outstanding as on March31, 2012.

The remuneration and perquisites shall be subject to the overall ceiling under Section 198 and 309 of the Act.

This explanatory statement is to be treated as an abstract of the terms of the contract and memorandum of interest in relation to the appointment of Mr. Subroto Bagchi pursuant to section 302 of the Act.

Section 269 read with applicable sections/schedules of the Act, requires approval of the shareholders in a general meeting for appointing an executive director, hence the resolution. Mr. Subroto Bagchi has always been an executive director and now members' approval is sought for revision of his appointment and remuneration as Executive Chairman.

Your directors recommend the passing of the resolutions as specified in item no. 9 of notice convening the thirteenth annual general meeting.

None of the directors other than Mr. Subroto Bagchi of the Company is interested or concerned in the above resolution.

Agreements entered into between Mr. Subroto Bagchi and the Company is available for inspection by the members from 10.00. a.m. to 12.00 noon on any working day at the registered office of the company.

Item10

A new MindTree Employee Restricted Stock Purchase Plan 2012 (Plan) has been formulated in line with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, [SEBI (ESPS Guidelines), 1999], SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009(ICDR Regulations) issued by SEBI and other applicable laws. The Plan has been approved by the Compensation Committee and by the Board of Directors on April 16, 2012. This Plan will be used primarily to grant up to 1,000,000 (one million only)(or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) equity shares of nominal value of Rs. 10/-(Shares) each.

In terms of Section 81(1A) of the Companies Act, 1956, issue of further shares to persons other than the existing shareholders requires passing of special resolution at the general meeting of the Company. This is an enabling resolution empowering the Board to offer, issue and allot the said Shares referred above and such Shares will be issued at prices in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in the manner set out in the resolution and or the Plan. Necessary approval under section 81 and other applicable sections and provisions of the Companies Act, 1956, SEBI ESPS Guidelines, (including any statutory modifications or re-enactments thereof for 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 to offer, issue and allot the said Shares.

In terms of clause 17.2 of SEBI ESPS Guidelines your directors give below the required information as hereunder:

a. The price of the said Shares to be allotted under the Plan to the eligible employees of the Company shall not be less than Rs. 10 per equity share of Rs. 10/- each or can be such higher price as decided by the Compensation Committee. The Compensation Committee shall have the freedom to determine price of Shares to be issued under the Plan, provided they conform to the provisions of clause 19.2 of SEBI ESPS Guidelines.

b. The maximum number of Shares to be allotted per employee of the Company under the Plan 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 ten percent (10%) of the Plan Shares. The number of Shares offered may be different for different categories of employees and it shall be as may be determined by the compensation committee.

c. The appraisal process for determining the eligibility of the employee will be specified by the 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.

d. The total number of Shares reserved for issuance under this Plan is 1,000,000 (one million only) (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time) of the Company.

e. Unless otherwise provided by SEBI ESPS Guidelines, Shares issued under this Plan shall be locked in for a minimum period of one year from the date of allotment.

f. The Plan would be applicable to all the employees of the Company, holding as well as its subsidiary companies working in India or overseas or a director of the Company whether executive or non-executive director (other than promoter directors and directors who either by themselves or through any body corporate, directly or indirectly hold more than 10% of the outstanding equity shares of the Company). It will also be applicable for employees of associate companies and to business associates subject to prior approval of SEBI/other statutory authorities as may be applicable.

g. The Company shall use one of the applicable methods (intrinsic value or fair value) to value its Shares.

h. In case the Company calculates the employee compensation cost using the intrinsic value of the Shares, 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 impact of this difference on profits and on EPS of the Company shall also be disclosed in the directors' report.

In the context of the above, the Company shall conform to the accounting policies specified by SEBI as per the SEBI ESPS Guidelines.

Copy of the MindTree Employee Restricted Stock Purchase Plan 2012 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 the directors of the Company may be deemed concerned or interested in the resolution to the extent of the Shares, which may be granted to them and for all future grants thereafter.

The board of directors recommends the passing of the proposed resolutions.

Item 11

The Company currently remunerates the whole time directors by way of, base salary, other benefits, commission based on net profits, etc., as applicable under the provisions of the Companies Act, 1956 (the Act).

The following table gives all material information of the current whole time directors:

Particulars	Mr. Subroto Bagchi	Mr. Krishnakumar Natarajan	Mr. S. Janakiraman
Date of Birth	31-May-1957	29-May-1957	11-Sep-1956
Date of Appointment	05-Aug-1999 (As ED)	01-Apr-2009 (As MD)	16-Jul-2008 (As ED)
Specialization/Expertise	General Management	Technology & General Management	Technology & General Management
Term	Until expiration or termination of employment contract (including extensions, granted by Board or committee thereof)	Five years w.e.f April 1, 2009	Five years w.e.f 16-Jul-2008
Qualification	BA	PGDM	M.Tech
Directorships of other Companies	MindTree Foundation	Nil	Nil
Chairman/Member of committees of other Companies	Nil	Nil	Nil
Shareholding as on March 31,2012	2,078,435	1,985,078	1,000,337

Revised Salary w.e.f April 1, 2012 to remainder of their Term

The details of existing salary as on March 31, 2012 are as given in the corporate governance section of this report. All other terms previously approved and to extent inconsistent shall continue to be in effect and remain unchanged.

Shareholders' approval is now sought to empower the board of directors (including a committee thereof) to grant increments, to add new heads or items for payment(s), modify, alter or amend or revise or otherwise vary the terms of remuneration, base salary, other benefits, commission based on net profits, perquisites, other benefits and allowances including but not limited to rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premiums on personal accident and health insurance, club fees, use of car with driver, telephones, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund, gratuity, leave entitlement, encashment of leave and housing and such other perquisites, benefits and allowances, stock options, stock appreciation rights etc., (collectively Managerial Remuneration) to the current whole time directors of the Company - Mr. Subroto Bagchi, Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Chief Technology Officer with effect from April 1, 2012 till the expiry of their present term of office.

Section 309 of the Act permits whole time directors to be paid Managerial Remuneration a specified percentage of the net profits of the Company. It is now proposed to pay Managerial Remuneration to the said executive directors of the Company which shall always be within the overall ceiling laid down in the sections 198, 269, 309, 310 and schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act) and the aggregate amounts of Managerial Remuneration to the said executive directors of the Company shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 269, 309, 310, 349, 350 and any other applicable provisions of the Act.

This may be treated as an abstract of the terms and conditions governing the appointment and payment of remuneration of Mr. Subroto Bagchi - Chairman, Mr. Krishnakumar Natarajan- CEO & Managing Director and Mr. S. Janakiraman – Chief Technology Officer pursuant to Section 302 of the Act.

Where, if in any financial year, the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi - Chairman, Mr. Krishnakumar Natarajan - CEO & Managing Director and Mr. S.Janakiraman – Chief Technology Officer shall be entitled to receive the same enhanced Managerial Remuneration subject to compliance with applicable provisions of the Act, if and to the extent necessary, with the approval of the Central Government.

The remuneration payable to Mr. Subroto Bagchi - Chairman, Mr. Krishnakumar Natarajan - CEO & Managing Director and Mr. S. Janakiraman – Chief Technology Officer will be within the permissible limits specified by schedule XIII to the Act, and is commensurate with the responsibility in a company of this size and extent of business operations.

Sections 269, 309, 310, schedule XIII read with applicable sections/schedules of the Act, requires approval of the shareholders in a general meeting for amending the terms of appointment and or remuneration of a managing director/executive directors and hence this resolution is being proposed.

Mr. Subroto Bagchi - Chairman, Mr. Krishnakumar Natarajan - CEO & Managing Director and Mr. S. Janakiraman - Chief Technology Officer are interested or concerned in the above resolution. No other director is interested or concerned in this resolution.

The board recommends the resolution set forth in the item no.11 for the approval of the members.

By the order of the board of directors

for **MindTree Limited**

Place : Bangalore

Date: May 2, 2012

Rajesh S Narang

Vice President – Legal & Company Secretary

MindTree Limited

Registered. Office: 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 thirteenth annual general meeting of the Company held on Monday, July 16, 2012 at 03.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001, 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 venue of the meeting.

MindTree Limited

Registered Office: Global Village, RVCE Post , Mysore Road, Bangalore-560 059, INDIA

PROXY FORM

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 thirteenth annual general meeting of the Company to be held on Monday, July 16, 2012 at 03.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001, India, or/any adjournment thereof.

I wish my above proxy/ies to vote in the manner as indicated in the box below:

1. Adoption of accounts and reports thereon		
2. Approval of Dividend		
3. Re -appointment of Director - Dr. Albert Hieronimus		
4. Re -appointment of Director - Mr. R. Srinivasan		
5. Re -appointment of Director - Mr. V. G. Siddhartha		
6. Re -appointment of M/s B S R & Co. as Statutory Auditors		
7. Appointment of Director, liable to retire by rotation - Prof. Pankaj Chandra		
8. Appointment of Director - Mr. Ramesh Ramanathan		
9. Approval of appointment and remuneration of Mr. Subroto Bagchi as Chairman		
10. Approval of further issue of 1,000,000 equity shares of Rs.10/- each and approval of MindTree Employee Restricted Stock Purchase Plan 2012		
11. Approval of amendments for payment of remuneration to executive directors		

Signed this .... day of .... 2012.

Affix Re. 1 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 than 48 hours before the meeting.

Design by **Headjam**

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Karnataka, INDIA.
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