Mindtree

436 USD million revenue

28 Global offices

232 Active customers

11,591 Mindtree Minds

2012-13 Annual report

Welcome to possible

Mindtree for the future

Some believe in the power of numbers.

Some believe in the power of technology.

We believe in the power of people and the impact people can have on technology.

Our roots grew from this belief that people with diverse points of view could come together to build a different kind of technology company. One that puts people who work with us, first.

This belief drives our vision for tomorrow to build technology experts who are focused on one goal: helping our clients succeed.

Today, a wealth of information is opening up a world of possibilities. Realizing those possibilities takes more than numbers. It takes more than technology.

It takes people. People who can turn the potential of information into meaningful solutions. Solutions that simplify businesses. Improve governments. Propel societies forward.

We are Mindtree. We engineer meaningful technology solutions to help businesses and societies flourish.

Our values - Collaborative Spirit, Unrelenting Dedication and Expert Thinking help us see possibilities where others see a full stop.

Welcome to possible

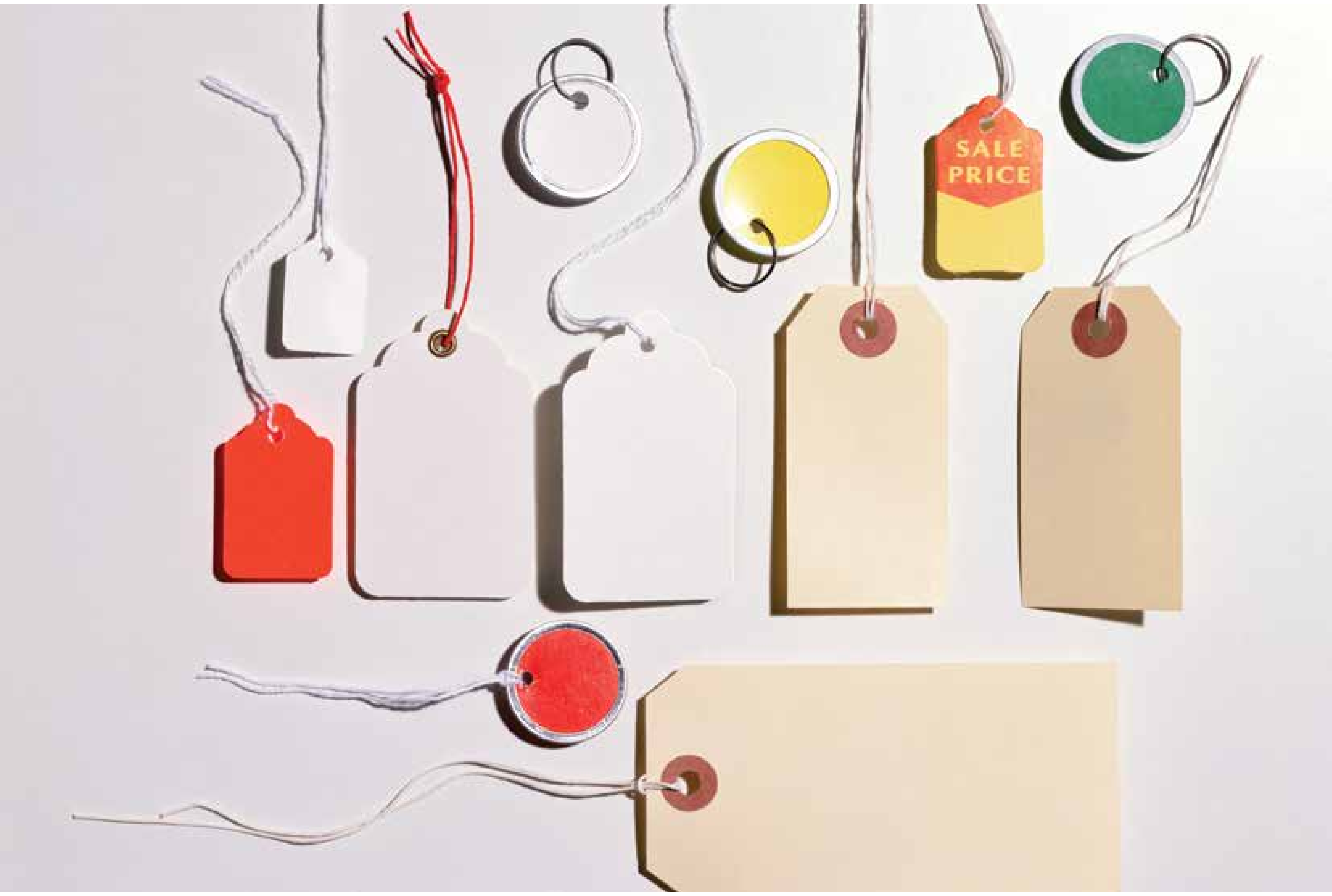
Possible engineers meaningful technology solutions

Our solutions & frameworks

We offer an appropriate mix of cutting edge technology expertise and sound domain knowledge. This enables us to deliver solutions that add strategic business value to our customers.

Corporate Lending Enabling high volume, high value business through automation.	MWatch Integrated IT infrastructure management and secured service delivery platform.	MindTest ™ Predictable quality through integrated quality assurance platform.
mPromo A SaaS based solution to plan, execute, analyze and optimize trade promotion spend of CPG organizations.	Store Portal Seamless communication and collaboration with multiple retailers and stakeholders.	VMUnify Enables organizations deliver infrastructure as a service with secure virtual data centers and unified cloud environments.

Possible helps businesses grow



Partnering in customer's success

We go beyond the defined project scope to ensure our services impact the customer and their customers and society at large. All our people, processes, technologies and delivery are centered around this philosophy.

100 million passengers fly safe
Flight planning system.
Global air transport solutions provider. 180+ airlines.
15000+ flight plans.

Managed over USD 1.5 billion trade spend
Trade promotion management & optimization.
Across 30 countries worldwide. Fortune 500 consumer goods enterprise.

USD 55 million savings a year
Reduced piracy. Online activation solution for the world's leading software products enterprise.

Identity for 1.2 billion people
Big data and analytics. World's largest
citizen identification program. Uncompromising security.

Possible delivers

ONEmind - Next gen delivery platform

ONEmind is Mindtree's proprietary delivery platform that seamlessly collaborates with diverse components of project execution and delivers as one unit. This next generation delivery platform is built with an end-consumer view and a business forward approach. The clear understanding of the customer and the core elements of the platform help us maximize the performance of project teams and ensure a robust and low risk delivery. ONEmind is based on our rich experience of executing 10,000+ projects in the last 13 years.

ONEmind ensures effective participation and collaboration within the project team and across culturally diverse members through efficient usage of social media interactions. The agility built into the platform provides our customers the flexibility to confidently meet the changing market requirements. Proactive risk management and robust project governance practices ensure predictable project performance and delivery within the financial parameters.

Possible is global

Global delivery center

Mindtree, as part of its global vision, set up the first US Delivery Center (USDC) in Gainesville, Florida. USDC delivers an exceptional combination of people, deep domain expertise and technology capabilities all in a state-of-the-art facility designed for agile development.

The Mindtree USDC is a cost competitive onshore option of the highest quality. Today, the USDC works with some of globally recognised brands and plans to hire over 400 locals in next few years.

See more details at
www.mindtree.com/company/usdc-gainesville

Possible helps societies flourish

Mindtree foundation

Mindtree is committed to the pursuit of better living for people with disabilities and enhancement in the quality of primary education. Our people, assistive technologies and associations with NGOs help us to:

- Promote education to underprivileged children with a special emphasis on people with disability
- Provide relief of poverty by way of assistance to food, shelter and clothing
- Provide relief of distress caused by calamities of nature

Mindtree Foundation is proud to be associated with :

- Missionaries of Charity (M.O.C.)
- Gandhiji Shanti Nivas Leprosy Rehabilitation Centre
- Sparsh Foundation
- Spastics Society of Karnataka (SSK)
- Sikshana Educational Development program for Rural Government School Children
- AMBA Centers for Economic Empowerment of the Intellectually Challenged (AMBA-CEEIC)
- Goonj

Abraham Moses, Head of Mindtree Foundation, was awarded Forbes 2012 Philanthropy award under the category 'Good Samaritan' for his combined efforts in looking after administration and the personal welfare of Mindtree Minds.

Index

Chairman's message

We have a great pipeline of emerging leaders and we have consistently delivered world-beating projects that make our large competitors admire us. Our people believe that Mindtree is among the best places to work.

Dear Shareholder,

This past year has been good in many ways. Thank you for your support, without which your management team could not have delivered the results it has. More on that in Chief Executive and Managing Director Krishnakumar (KK)'s letter to you in the next page.

In this annual communication, I want to draw your attention to a few big-picture issues that concern you as a shareholder of Mindtree. Before I do that, please join me in congratulating KK on his election as Chairman of the National Association of Software & Services Companies (NASSCOM) for 2013-14. It is a recognition of his personal contributions and active engagement with NASSCOM over the years; it is also a recognition for Mindtree as an organization.

NASSCOM has recently announced its ambition for 2020. From the current base of USD 108 billion, the industry body feels, we should all aim to achieve USD 300 billion in the next six years. This is an ambitious goal. However, it is based on reasonable assumptions that take into account exports, a growing domestic market and growth fuelled by the e-commerce segment. What this means is two things: stay invested in the IT sector and if you have a young one in your family contemplating IT as a career, please assure him or her that we will remain a great industry to work for.

Now let me shift to a very important matter that has to do with the internal challenges that every company must tackle. While there are many such challenges, some of which are specific to individual companies, there are some that concern every organization. One is transition and pipeline of leadership. The other issue everyone must deal with has to do with the need to reinvent from within in order to stay relevant to customers and employees.

At Mindtree, we are continuously addressing both challenges; we have a great pipeline of emerging leaders.

We have consistently delivered world-beating projects that make larger competitors admire us, and at the same time, our own people believe that their organization is among the best places to work. With these successes to guide us, we have a reasonable view of what sort of future we want to create.

The future of your company is closely tied with the world economy. We are an export-dependent company. Our fortunes are tied to how the world fares and how the world feels. If you look at how the world fares, not a day goes by without some part of it reporting either caution or bad news. At Mindtree, we are making sure we choose our customers, geographies and verticals well so that we are able to buck any adverse trend in the global economy. In this context, our engagement with Bain Consulting to help us sharpen our strategy and structure is very timely and relevant. Going forward, you will see the impact of their recommendation on how we should organize ourselves to grow and sustain our top-line and the bottom-line.

While we are on the subject of growth, I have always maintained that that no organization is an island. We are part of the larger social fabric. If societies do not succeed, businesses will invariably fail. This realization has been integral to our thought process. That is why we have stayed engaged with the society beyond business; that is why our mission statement says that we help businesses and societies flourish. Our outreach has been consistently noticed and admired. We feel encouraged with the recognition, but it is neither legal bindings nor admiration that makes us do what we do. Being socially sensitive is integral to our DNA. Please pay attention to our Business Responsibility Report. At Mindtree, your investment serves a larger purpose even as we deliver value to our immediate stakeholders. In the years ahead, Mindtree will continue to engage with the communities we serve across the world.

Before I close, please join me in thanking R Srinivasan and Anjan Lahiri, as we say goodbye to them.

R Srinivasan is an independent director of your board and chairman of the Audit Committee who will retire after the forthcoming Annual General Meeting. He has steered us with his expertise and wisdom over the years. We wish him great strides in the years to come.

Anjan Lahiri, Executive Director, has been instrumental in making Mindtree what it is today. After almost a decade and a half of working closely with the idea and its execution, he has expressed his desire to move on. We thank him for his many contributions, and wish him the very best in his future projects.

Once again, thank you for your support in our endeavors, and I am looking forward to meeting you at the Annual General Meeting.

Welcome to possible

Sincerely,

Subroto Bagchi
Chairman

CEO's message

We started the year with a clear goal to make FY 2012-13 a transformative year for Mindtree. I am happy to share with you that we have made significant progress towards it. FY 2012-13 laid the foundation for some very important initiatives that will take Mindtree to its next level. We are now well positioned for FY 2013-14 and beyond.

173% 5 year returns on your stock

55% Y on Y profit growth in INR

23% Y on Y revenue growth in INR

11,591 Mindtree Minds

232 Active customers

Dear Shareholder,

Mindtree performed creditably in FY 2012-13. Your stock had a 1 year return of 87% in comparison with CNX IT return of 12% and Sensex return of 8%. The 5 year returns on your stock is 173%.

This performance, yet again, demonstrates the strength of our focus and strategy.

The global economic recovery has been slow and FY 2012-13 posed some serious concerns to organizations in their technology investment plans. Despite that, we adopted a back-to-basics strategy and stayed significant to our customers. This helped us deliver outstanding results and enabled our customers to win in their businesses.

Brand

We revealed new Mindtree brand. We engaged with Siegel + Gale, to transform our brand from a positioning of best mid-size company to an expertise led and culture backed organization. Our new mission, values, voice and visual identity are a reflection of the new Mindtree; we aspire to be Bright, Confident and Active.

Building next generation leadership

We have proactively taken steps in preparing a strong pipeline of next generation leaders. Successful organizations have a strong 'next level' leadership and a development approach that keeps it going. Our association with Korn Ferry helped us make very good progress on both fronts. We are continuously assessing and training the leadership that will help customers to trust Mindtree as an expert in chosen areas.

Global organization

We setup delivery centers in US and Belgium in line with our global strategy and our determination to get closer to the customer. These global delivery centers help us be more customer centric, interact real-time with them and leverage the local talent. Global delivery centers enable our customers the flexibility of consuming services through delivery models such as onsite, offshore, near shore and onshore. The global delivery centers will focus on building expertise in specific areas. E.g. Our US center will focus on building expertise in Agile, Digital Business and Analytics.

Priorities for FY 2013-14

We need to be focused on working at chosen priorities. This year, we have chosen the following priorities:

- Continue focus on customer centricity / account mining - We will continue our drive to be a significant partner to our customers and not be yet another vendor. This would need us to revamp our account management, account mining and sales strategies, as well as significantly strengthen our client facing teams
- Build critical mass in our global delivery centers
- Work closely with customers to leverage the international delivery centers for efficient solution delivery.
- New approach to building domain expertise - We will look at innovative ways of building domain expertise in our engagements with our customers. This combined with our technology expertise will help us engineer meaningful technology solutions for our customers.
- ONEmind - Next gen delivery platform - This next generation delivery platform is being built with an end-customer view and will help deliver significant efficiencies to Mindtree and our customers. This platform ensures effective participation and collaboration within the project team and across culturally diverse members through efficient usage of social media interactions. The agility built into the platform provides our customers the flexibility to confidently meet the changing market requirements. An expert team is working on this initiative and we plan to do a wider roll out during this year.
- Leadership development - We had a great start in FY 2012-13 and we will sustain the efforts this year to groom the next level of leaders at Mindtree. The scope of the leadership development will spread through to top performers including customer facing Mindtree Minds.

Thank you very much for your support, feedback, inputs and suggestions. All of us at Mindtree are very excited about the path we have taken to be expertise-led and are extremely confident to achieve outstanding results consistently through focus and efficient execution. Our passionate and committed team of over 11,591 Mindtree Minds joins me in thanking you and we look forward to your continued support.

Welcome to possible

Sincerely,

Krishnakumar Natarajan
CEO & Managing Director

Financial performance

Statement of profit and loss

₹ in millions, except per share data

Particulars	FY13	FY12	FY11	FY10	FY09
Revenue	23,618	19,152	15,090	12,960	12,375
EBITDA	4,864	2,930	1,778	2,456	3,309
Depreciation and amortisation	624	695	712	652	570
Other income (net of foreign exchange loss)	10	385	242	770	(1,973)
Profit before interest and tax	4,250	2,620	1,308	2,574	766
Finance cost	10	5	4	27	162
Profit before tax	4,240	2,615	1,304	2,547	604
Tax	847	430	288	399	67
Profit after tax	3,393	2,185	1,016	2,148	523*

* Including share of profits of associates and excluding minority interest

Per share data

Particulars	FY13	FY12	FY11	FY10	FY09
Earnings per share - basic	82.79	54.23	25.53	54.77	13.84
Earnings per share - diluted	81.75	54.14	24.85	52.79	13.70
Dividend per share	12.00	4.00	2.50	3.00	1.00

Balance sheet

Particulars	FY13	FY12	FY11	FY10	FY09
Fixed assets (Including Goodwill)	3,160	2,676	3,034	3,013	4,422
Investments	4,257	3,082	1,112	1,442	1,013
Net deferred tax	360	320	216	214	190
Net assets (current and non-current)	5,614	3,942	3,446	2,068	1,609
	13,391	10,020	7,808	6,737	7,234
Share capital	415	405	400	395	380
Reserves & surplus	12,722	9,167	7,362	6,311	5,133
Minority interest	-	-	-	-	327
Loan funds	254	448	46	31	1,394
	13,391	10,020	7,808	6,737	7,234

Key ratios

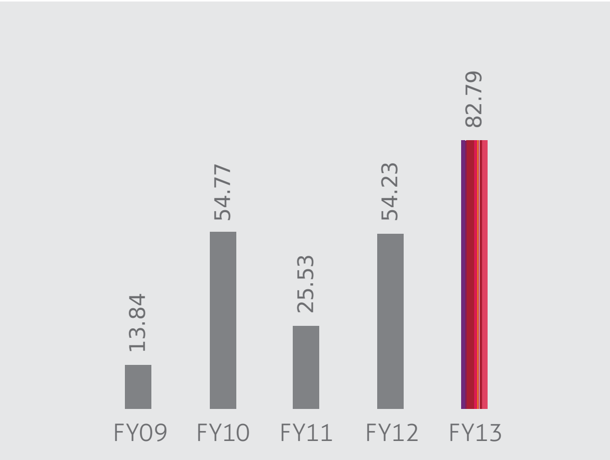
Particulars	FY13	FY12	FY11	FY10	FY09
Revenue growth (y-o-y) in USD terms	8.2%	21.7%	21.5%	1.2%	46.3%
EBITDA as a % of revenue	20.6%	15.3%	11.8%	19.0%	26.7%
PAT / revenue	14.4%	11.4%	6.7%	16.6%	4.2%
Return on capital employed	36.3%	29.4%	18.0%	37.7%	11.4%
Return on equity	29.8%	25.2%	14.1%	35.2%	9.6%

Financial trends and value creation

₹ in millions, except per share data

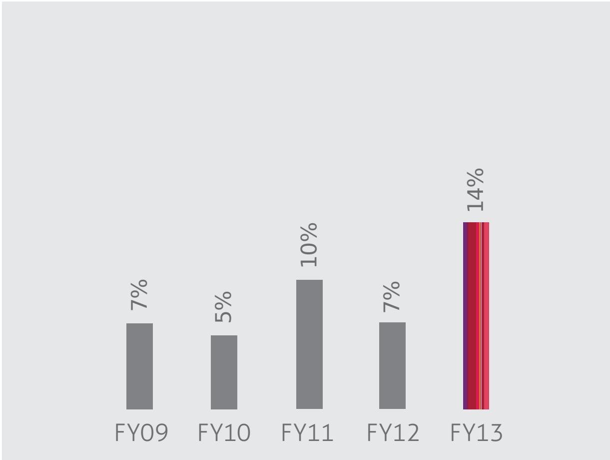
Mindtree has created significant wealth for its shareholders as the company grew to become a global information technology solutions organisation. Given below is the data on the company's performance for the last five years:

Earnings per share



Earnings per share (EPS) has increased six fold in the last five years from ₹ 13.84 in FY09 to ₹ 82.79 in FY13.

Dividend payout ratio



The dividend payout ratio has doubled in the last five years. The payout was at a high of 10% in FY11 followed by a payout of 14% in the current year.

Market capitalisation

Market capitalisation has increased from ₹ 8,019 million to ₹ 37,986 million i.e. by more than four fold in the last five years. (Based on NSE closing rate as on March 31)

Net worth

The net worth has shown a steady and constant ascent from ₹ 5,513 million to ₹ 13,137 million in the last five years.

Revenue

We closed the year with ₹ 23,618 million in revenues. Revenue grew steadily at a CAGR of 13.8% for the last five years.

EBITDA

Earnings before interest, tax, depreciation & amortisation increased from ₹ 3,309 million in FY09 to ₹ 4,864 million in FY13, a CAGR of 8% over the last five years.

Profit after tax

Profit after taxes has grown more than six fold from ₹ 523 million in FY09 to ₹ 3,393 million in FY13.

Year 2012-13 – a review

APRIL

- Mindtree starts the year with Prof. Pankaj Chandra, Director, IIM-B joining the Mindtree Board of Directors and a 21.7 % revenue growth in USD terms in FY-12.
- Initiates the aggressive plans on becoming an expertise-led organization.

MAY

- Appoints Ravi Shankar and Greg Blount to its leadership team. Ravi Shankar joins as the Chief People Officer while Greg Blount heads the US Strategic Accounts.
- Ramesh Ramanathan, co-founder Janaagraha joins Mindtree Board of Directors.
- KPN and Mindtree jointly invest in a cloud services aggregation platform. First of its kind to offer a flexible platform for reducing costs, increased productivity and accelerated time to market.

JUNE

- Signs key deals with a large European travel and transportation company, a large US bank for engineering their core applications.

JULY

- Closes a successful first quarter with a net profit growth of 116.2 % YOY in USD terms.
- Zinnov consulting ranks Mindtree among the top 5 global R&D services providers.

AUGUST

- Hires industry expert Arun Rangaraju as Senior Vice President to double its SAP headcount and widen the SAP service portfolio.

SEPTEMBER

- Announces its first US Delivery Center at Gainesville, Florida as open for business. Focuses on specific verticals and agile development.
- Unveils a new brand identity to appeal to global customers and a younger audience. Sets a new mission, values, voice and logo for the future of Mindtree.

Mindtree
Welcome to possible

OCTOBER

- Signs large deals as strategic IT partner for a large manufacturing company in the US and a large European telecom services provider.
- Mindtree's VMUnify and Kryptos Networks bring superior cloud infrastructure to customers in Asia. VMUnify enables Cloud Service Providers, Telecom Providers and Enterprises to offer cloud infrastructure at lower investments.

NOVEMBER

- Governor Rick Scott inaugurates Mindtree's first US delivery center at Gainesville, Florida.
- Forbes Asia selects Mindtree as one of the '200 Best under a Billion companies'.

DECEMBER

- Large superannuation and pension administration specialist selects Mindtree for its product development and testing of its core applications.
- Signs a landmark deal, to offer development and testing services, with a product engineering company that provides a cloud platform for collaboration and document sharing.

JANUARY

- Increases its $ 5 Million and $ 10 Million customers following strong account mining strategies.
- Improves overall Fortune India 500 ranking to 424 from 445 last year.

FEBRUARY

- A large hotel chain selects Mindtree to provide managed services for application and infrastructure support.
- Signs a multi-year engagement with an infrastructure provider to offer cloud platform support, in a multi-year engagement.

MARCH

- Consecutively tops corporate polls by World Finance and Asiamoney. Mindtree is named 'Best Corporate Governance India', 2013 by World Finance magazine and ranked second in 'Best Overall for Corporate Governance (in India)' by Asiamoney.

- A global employee perception survey conducted by Glassdoor ranked Krishnakumar Natarajan at 28th in the list of Top 50 CEOs worldwide.

Board of directors

From left to right:

S. Janakiraman
Co-founder,
President & Chief Technology Officer

Prof. Pankaj Chandra
Independent Director

R. Srinivasan
Independent Director

Subroto Bagchi
Co-founder, Chairman

Ramesh Ramanathan
Independent Director

Anjan Lahiri
Co-founder, President

Krishnakumar Natarajan
Co-founder,
CEO & Managing Director

Parthasarathy N.S.
Co-founder, President & COO

Dr. Albert Hieronimus
Vice Chairman

V.G. Siddhartha
Non-Executive Director

Prof. David B. Yoffie
Independent Director

Board of directors

Subroto Bagchi
Executive Chairman

Krishnakumar Natarajan
CEO & Managing Director

S Janakiraman
Executive Director

Dr. Albert Hieronimus
Vice Chairman & Independent Director

R Srinivasan
Independent Director

Siddhartha V.G.
Non-Executive Director

Prof. David B Yoffie
Independent Director

Prof. Pankaj Chandra
Independent Director

Ramesh Ramanathan
Independent Director

Anjan Lahiri
*Executive Director**

N.S. Parthasarathy
Alternate Director to Mr. S Janakiraman

**resigned with effect from May 6, 2013*

Board committees

Strategic Initiatives Committee
Krishnakumar Natarajan
Chairperson
Dr. Albert Hieronimus
V G Siddhartha
Prof. David B. Yoffie

Administrative Committee
Krishnakumar Natarajan
Chairperson
Subroto Bagchi
Janakiraman S
V G Siddhartha

Compensation Committee
Prof. David B Yoffie
Chairperson
V G Siddhartha
R Srinivasan

Audit Committee
R Srinivasan
Chairperson
Dr. Albert Hieronimus
V G Siddhartha
Ramesh Ramanathan

Investor Grievance Committee
Dr. Albert Hieronimus
Chairperson
Janakiraman S

Nomination and Corporate Governance Committee
Dr. Albert Hieronimus
Chairperson
V G Siddhartha
Subroto Bagchi

Business responsibility report

Summary

Mindtree's sustainability approach is built on the principles of triple bottom line i.e. People, Planet and Profit. This framework enables us to adopt an expanded spectrum of values that will lead the way to measure the traditional economic parameters along with the environmental and social dimensions.

Introduction & Scope

Our Business Responsibility Report follows the Securities and Exchange Board of India's (SEBI) proposal and is in accordance with the National Voluntary Guidelines on Social, Environmental and Economic (NVG-SEE) Responsibilities of Business issued by the Ministry of Corporate Affairs.

This year, Mindtree will publish its first public domain Sustainability Report, based on the AA1000 framework and the GRI (Global Reporting Initiative) guidelines.

As a reporting organization, we see the disclosure of our sustainability efforts as a valuable platform that will expand our reach and facilitate richer engagements with our stakeholders.

Scope

This Business Responsibility Report encapsulates Mindtree's sustainability journey for the financial year 2012-13

Mindtree's Sustainability Framework

Our mission drives the corporate sustainability approach: "We engineer meaningful technology solutions to help businesses and societies flourish". We view sustainability as a business imperative that helps our customers, societies and Mindtree – for the present and future generations. Our sustainability framework is designed to promote transparency, accountability, sound environmental practices and social responsibility. The framework is built on three pillars:

Ecological sustainability

Mindtree aims to minimize the environmental impact of our business operations by engaging Mindtree Minds as evangelists and leveraging a comprehensive environmental management system. This includes resource conservation practices, Greenhouse Gas (GHG) footprint reduction, efficient energy management, water efficiency and sustainable waste management.

Governance & control

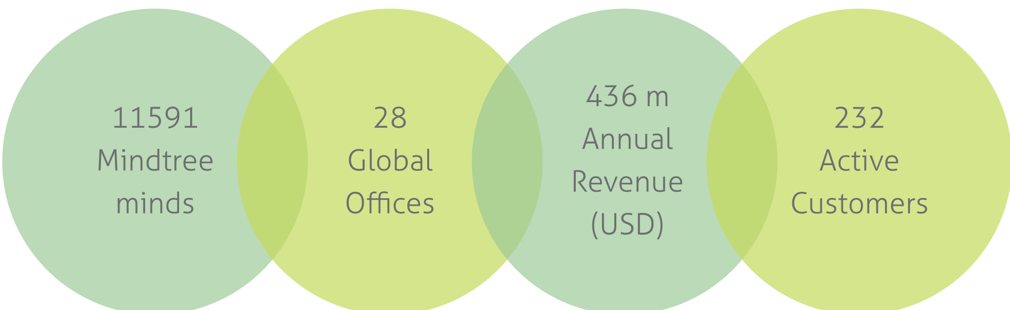
We comply with all applicable local, national and international laws, regulations, codes of practice, directives and conduct our business operations with high honesty and integrity. Mindtree pledges itself to be transparent about its progress on sustainability and stated goals with all stakeholders.

Workplace sustainability

Mindtree believes in a non-discriminatory environment that promotes equal employment practices, health, wellbeing, diversity and inclusion. With an occupational health and safety management system in place we encourage and maintain a safe work environment by providing fair working conditions to all Mindtree Minds.

Additionally, Mindtree recognizes social responsibility as an integral part of its corporate citizenship. We commit to support and nurture societies through innovative solutions to satisfy evolving needs of the society.

The nine principles of the NVG guidelines are closely linked to our sustainability dimensions and programs. The principal sustainability topics covered in this report are ordered to provide a logical flow.



Their mapping to corresponding NVG principles are shown in the diagrammatic representation.

Sustainability Dimension	NVG Principles
Stakeholder Engagement	4 and 9
Corporate Governance & Advocacy	1 and 7
Workplace sustainability	3 and 5
Ecological Sustainability	2 and 6
Inclusive Growth	8

Stakeholder Engagement

Management approach

Effective stakeholder engagement is an integral component of an expertise led organization. Our approach towards our stakeholders is driven by following the highest standards of customer orientation, ecological protection, corporate governance and community development.

We collaboratively partner and engage with our stakeholders to achieve a significant sustainable change. This provides us valuable insights and catalyzes continuous improvement. Our stakeholders include our employees, customers, shareholders, suppliers, communities, academias, Government and regulatory bodies and the environment. We have a stakeholder based engagement model that acts as a value base for inputs and feedback on our sustainability programs. The stakeholder feedback is a crucial input to our strategy setting process and defines our future actions.

Corporate Governance & Advocacy

Management approach

Mindtree believes that good Corporate Governance is a key driver of sustainable corporate growth and long-term shareholder value creation. Mindtree's values have been integrated into every system and process. To us, sustainability begins with integrity; we conduct ourselves with the highest standards of integrity and are transparent in our professional transactions and dealings that may impact the place of work. Mindtree has a zero-tolerance threshold to bribery of or by any business partner, government agency or public authority.

Business strategic planning at Mindtree takes appropriate measures to integrate sustainability views and programs with our business strategy. This helps us identify, assess and manage business risks. In the conduct of Mindtree's business and our dealings, we abide by the principles of honesty and transparency.

Mindtree has a comprehensive code of conduct policy that sets broad direction for all business dealings. This encompasses specific guidelines on information security, third party relationships, equal opportunity, human rights, breach in discipline and workplace etiquette. Additionally, the code of conduct bears linkage to three other policies, as described below.

Integrity policy

Our shareholders appoint and authorize the Board of Directors to conduct business with objectivity and ensure accountability. Each Mindtree Mind is issued a booklet on the Integrity Policy. All Mindtree Minds, irrespective of level, role and location are bound by the policy.

Anti-Bribery and Anti-Corruption policy

We are committed to the prevention, deterrence and detection of fraud, bribery and all other corrupt and unethical business practices. It is our policy to conduct our business activities with honesty, integrity, and the highest possible ethical standards while vigorously enforcing our business practice of not engaging in bribery or corruption across our operations.

Whistle blower policy

Mindtree has a robust Whistleblower Policy that establishes mechanisms to allow secured disclosures of incidents related to corporate governance, related party transactions, siphoning of funds, noncompliance to the law of the land, concealing legal mandatory disclosures, breach of fiduciary responsibilities, financial irregularities, sexual harassment, misuse of intellectual property, breach of integrity and any suspicious activity / event which indicates a potential threat to the security of Mindtree's assets and employees.

The whistleblower enterprise is governed by the Culture Protection Committee (CPC) that is responsible for case investigation, case closure and provision of adequate safeguards for whistleblowers. Details of the cases in 2012-13 are detailed in the table below:

Type of Complaint		Action Taken	
Corporate Governance	2	Separation	1
Financial Irregularities		Warning	
Sexual Harassment	1	Counseling	2
Misuse of Intellectual Property		Process/ Policy changes	
Breach of Integrity	1	Minor Issue/ Clarifications	1
Threat to security		Others	

Advocacy

At Mindtree, we believe that business sector participation is key in meeting the challenges of development. We actively engage in a dialog as part of industry networks such as NASSCOM and CII in areas such as business excellence and strategic reviews.

Workplace Sustainability

Management approach

We believe in the Power of People. This belief is incorporated in meeting the strategic drivers that shape our people practices and processes. Mindtree's values create a global foundation for context drivers such as engagement, learning and empowerment which are led by our People Function throughout an employee's lifecycle - from candidate selection to exit interview. Mindtree's practices create a culture of openness and fairness. Our practices in performance management, compensation models, diversity and inclusion, learning & development and health & wellbeing embrace globally recognized standards and are prime in building a fair and free workplace.

	Total	Permanent	Contractual
Men	8,916	8,282	634
Women	3,532	3,309	223

Employee engagement and recognition

Mindtree's culture consists of a foundation of leadership, vision, values, effective communication, strategic plans and people policies that are focused on the employee. We believe that commitment, cooperation and responsibility are the foundations of engagement that provides an empowering platform connecting Mindtree Minds with different levels of the organization.

Drivers such as communication, performance clarity and feedback, organizational culture, rewards and recognition, relationships with managers and peers, career development opportunities and knowledge of the organisation's goals and vision are some of the factors that facilitate Mindtree's employee engagement practices.

Mindtree's engagement forums such as MiVoice, Mindspace, Fundo Club, Shadowing programs, mentoring programs, Emerging Leaders programs and informal engagement programs such as Konnect act as information sharing and interactive platforms that facilitate a regular channel of engagement at various levels of organization. We participate in the Great Places to work survey to externally validate our processes.

One noteworthy source of employee feedback and opinion, globally, is the MiVoice survey. This survey is a key input to our materiality matrix. MiVoice looks to evaluate aspects such as great workplace relationships, differences in perception across dimensions and demographics, understand employee experiences, effectiveness of people practices and connects and disconnects between people practices and employee perception.

The Fun@Work Charter brings lighter moments to work place by establishing fun events under one global umbrella.

Our rewards and recognition charter enables us to encourage a spirit of gratitude and build a culture in rewarding for performance. This is an important exercise in both engagement and retention. We have several programs to recognise great efforts as well as a range of awards to reward exceptional work performance.

Employee retention

Mindtree has a robust retention council that supports business in improving retention levels. The council fosters an open and reliable culture that creates models of best retention practices and strategies. The council has driven a decreasing pattern in our attrition levels in comparison to previous years. Our attrition levels are currently at 13.4%. We hope to reduce this further next year. We have also revamped our rewards and recognition system to motivate our employees.

Fair work practices

Mindtree strongly believes in fair work practices, our efforts in this area align themselves to those stated in the human rights section of this report.

Our initiatives include:

- An open session by the CEO conducted twice a year
- A direct communication wall known as KK's Wall, where people can post questions for the CEO that is visible to everyone
- Tackling favoritism: Over the next 12 months the Chairman will personally monitor leaders to identify any inadvertent actions that may be taken as favoritism
- Communication: Regular communication on a series of internal job openings, coaching and instrument based sessions that explain the need for transparency

We ensure equity and fairness at the workplace through MindSpeak, an issue redressal forum, with regard to fairness in performance, career progressions, promotions, etc.

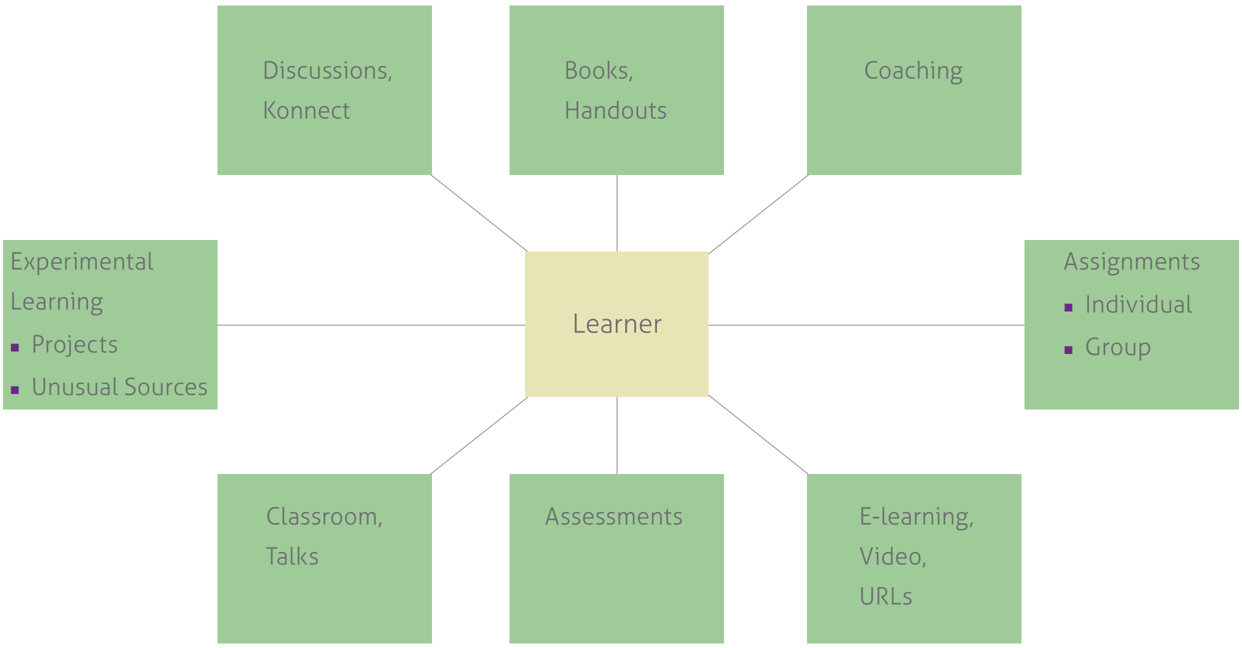
Learning and development

Learning and development at Mindtree is a strategic priority that is part of our Culture and Competence (C2) framework. The C2 initiative is conceptualized with the objective of facilitating learning and development within the organization. Learning plans are structured to cater a variety of learning opportunities through diverse channels that ensure a natural learning channel.

The foundation of the learning culture in Mindtree is built with the current realities in mind. The Key focus in 2012-13 has been to build and develop domain expertise. We believe this will help us partner with our clients in their business transformation initiatives. The C2 team develops competence through certifications and training programs.

During 2012-13, Mindtree Minds across levels benefited from over 1470 programs. Our Certifications are rigorous and cover aspects related to one's role.

They impart essential technology, domain, leadership and behavioural based skills that extends over an



individual's career map. For engineers with 0-4 years of experience, we offer domain knowledge training program called Archers. Furthermore, an emerging leaders program has been developed to build leaders for current and future roles.

Summary of learning & development programs

Soft-skills certification

- Senior Leaders: iLead
- Mid-level Leaders: vLead
- First Time Leaders: nuLead

Technical certifications

- Project Manager: Mindtree Certified Project Manager
- Business Analyst: Mindtree Certified Business Analyst
- Technical Leader: Mindtree Certified Technical Leader
- Senior Software Engineer: Mindtree Certified Software Engineer
- Software Engineer: Mindtree Certified Engineer

% of Employees that received skills training	
Permanent	75.61
Contractor	11.20
Permanent Women Employees	80.15
People with disability	80.65

Diversity & inclusion

Being a global organization on the cutting-edge of technology, talent and workforce diversity is integral for business success. As an equal opportunity employer, we work with a non-discriminatory practice that respects and values the workforce and with those we do business with. Embracing a diverse and inclusive workforce gives us an innovative, creative, competitive and more productive edge. Our focus on diversity and inclusion has gathered significant momentum in 2012-13, owing to the development of our charter. Mindtree's diversity and inclusivity charter focuses on four pillars which we call "EDGES" – **E**thnicity, **D**isability, **G**ender and **S**exual Orientation. Over the years the percentage of women at Mindtree has nearly doubled from 16% in 2004 to 28% in 2012-13. Mindtree follows a multidisciplinary approach to gender inclusion taking cognizance of the dual roles played by women and the additional responsibilities that they undertake in life.

Policies

We have defined policies that go a long way towards retaining women Minds. These are special needs leave, maternity leave, sabbatical, work from home policy, flexible working hours, equal opportunity policy, reasonable accommodation policy and prevention of harassment policy.

Infrastructure support

Infrastructural arrangements such as Baby's Day Out and Day Care Centers at our Bangalore offices assists greatly in promoting work-life balance.

Employee network group

Dhriti is Mindtree's Women's Network and serves as a platform for women Minds to voice their concerns and to share and learn from one's own and others' experience. It spearheads awareness programs on gender sensitivity and inclusivity. The Dhriti Umbrella covers defining women-friendly policies, career development programs and various e-learning and self-development initiatives. It also serves as a grievances forum.

Women

- Lady Minds constitute 28% of our total workforce
- Dhriti - A community built to Empower women realize their true potential has 500 members with 11 champions
- The high note – Leading Women speaker series -senior women from client organizations speak on career and life

People with disabilities

- 31 across various roles

Training & Mentoring

This program is indigenous, catering to the internal learning needs of Mindtree minds and fits into that learning space which cannot be classroom led. The program aims for the holistic development of Mindtree Minds, at both the professional and personal levels. It provides a focused, one on one, two way experiential learning avenue for the mentor and the mentee.

Women's Safety

Mindtree takes special focus for women's safety in transportation. Initiatives such as escort services, door step pick up/drop, unique auto routing software and driver training sessions are held in this regard.

TARGET

- Increase gender diversity (women) by 3% in totality by 2014-15
- Identify job roles suitable for individuals with different forms of disabilities

Mindtree has a comprehensive framework designed to aid inclusion. We believe that an inclusive environment encourages employment as well as a stable career path. Our inclusion framework is driven by our reasonable accommodation policy. In addition to this, we support accessible infrastructure at all our facilities and provide accessible technology and information systems. We look to identify job roles suitable to persons with varied forms of disabilities to facilitate the individual's career stability and growth. We are growing and expanding overseas, this provides us with a platform to generate local employment and capitalize on a talent pool of diverse nationals.

Health & Wellbeing

Health and wellbeing of employees is of prime importance to us. We strive to achieve a positive balance with all aspects governing the life of an employee. We promote a comprehensive approach that encompasses physical, mental and emotional wellbeing. Our flagship program, Healthy Mind Healthy Body (HMHB), Corporate Wellness Program that focuses on offering education and opportunities to improve both physical and mental health of Mindtree Minds. We also have B+ve, our employee assistance program where Mindtree Minds have a platform to get neutral and objective professional assistance from qualified counselors with complete anonymity and confidentiality. Additionally, we have a health portal, a one-stop shop for all health related queries. It has a host of health related articles, online chat sessions with dieticians and exercise finders. A detailed list of health and wellbeing programs is provided in the table below.

All our India locations are OHSAS 18001:2007 Certified. With this certification as our backbone, we drive a comprehensive health and safety policy that entail workplace hazard identification, risk assessment programs and security measures. Our practices that promote safety, health, emergency response and overall wellness are frequently revised based on regulations, industry trends and employee feedback.

Benefits	Physical Wellbeing	Psychological Wellbeing	Safety & Security	Awareness
Medical Insurance	Healthy Mind Healthy Body	B+ve - Employee Assistance Program	Security Training	Talks by experts & workshops
Group Term Life Insurance	First Aid Centers		Emergency Response Teams	Health Camps
Leave Policies	Ergonomic Consulting & Evaluations			Process Improvement Plans
Paternity Leave	Fitness Camps			
	Baby's Day out & Day care centers			

Human Rights

Management approach

Mindtree represents a talented and diverse workforce. We strongly believe in a free and fair workplace without any form of discrimination. This fosters a culture that embraces differences and celebrates unique ideas, perspectives and experiences.

Mindtree respects and values equal opportunities among our workforce and with those we do business with. Our Code of Conduct defines our actions as an ethical employer. We do not discriminate on grounds of race, ethnicity, gender, gender-identity, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, for salary and or any other employee benefits. Mindtree's position on equal opportunity is strong in all aspects of employment, including recruitment, training conditions of service, career progression, termination or retirement.

Our focus on human rights is tailored into our compliance systems. We ensure compliance with labour norms such as prevention of child labor, forced or involuntary labour and conformance to employment norms like minimum wage standards, statutory benefits, and timely wage payment. There have been no defaults in this regard.

We respect employees' right to freedom of association. At present, none of our employees are part of registered trade unions.

Promoting human rights across our value chain

Mindtree's suppliers undergo human rights screening as evinced by the contract signed containing the principles of Mindtree's supplier code of conduct. Our supplier code of conduct as well as the Leadership in Energy and Environmental Design (LEED) principles, to which we adhere, extends the responsibility of transparency and integrity to our suppliers and furthermore facilitates sustainable sourcing.

Contracted labor and vendors are required to abide by the norms of Mindtree's Code of Conduct while working on our premises. To imbibe our culture of integrity across the value chain, we conduct integrity sessions for vendors and contract staff. There have been no incidences of Code of Conduct violations or complaints for the reporting period.

TARGET

- Enforce the supplier code of conduct across Mindtree's supply chain
- Develop and implement supplier evaluation process in terms of an engagement model in line with Mindtree's Supplier code of conduct

Ecological Sustainability

Management approach

Ecological Sustainability is one of the key pillars of Mindtree's sustainability framework. With the increasing centrality of issues such as climate change, energy security and water stress, we recognize environmental risks and the importance of managing our impact on the environment. We aim to minimize the environmental impact of our business operations through resource conservation practices, Green House Gas footprint reduction, efficient energy management, water efficiency, sustainable waste management and by engaging Mindtree Minds as evangelists.

Scope of report

Mindtree India, representing 89% of our workforce.

Management systems

The Environmental Management system framework is the backbone of our environmental charter. All our India offices are ISO 14001: 2004 Certified.

Energy efficiency

Energy availability is a core area of our resource conservation efforts. Over the years we have implemented a variety of energy conservation and energy efficiency measures. The implementation of energy efficiency measures in the areas of IT infrastructure, cooling, lighting and general operations has resulted in a savings of 782 MWh in the year 2012-13. Our employee energy intensity stands at 201 kWh per month.

We have adopted the LEED green building design for our infrastructure. 3 of our India offices are certified to LEED gold standards.

TARGET
- Reduced energy consumption per capita by 5% year on year by the implementation of energy efficiency measures
- Ensure all new buildings follow at minimum, LEED Gold standards of construction.

Green community

Our Green community has been a passionate advocate for change and eco-friendliness within and outside Mindtree, spearheading initiatives in the fields of energy, water and waste.

Water efficiency

Water scarcity is a growing reality in the world around us. At Mindtree, water is withdrawn from three sources - ground water, municipal water supplies and private purchase. We have put in place rainwater harvesting systems in late 2012-13 to capitalize on water harvesting from monsoons.

100% of the outlet water from our facilities is treated using Sewage Treatment Plants (STP's) available at our own premises and Common Effluent Treatment Plants (CETP's) at our builder's premises. We recycle approximately 8% of water using owned STP's and the rest using CETP,s. This water is reused internally for flushing and landscaping purposes.

Our water consumption per employee is 1.05 KL per month. We are constantly exploring better methods to monitor, measure and conserve our water. We have implemented waterless urinals at our Bangalore campuses leading to a saving of approximately 2400 KL of water every year. Additionally, we have installed water filters in washroom taps that regulates the supply of water hence reducing consumption by roughly 180 KL annually.

TARGET
- Reduce water consumption per capita by 5% year on year.
- Implement rain water harvesting or ground water recharge systems in all owned campus

Waste management

At Mindtree, we are diligent about tracking and managing our waste levels. We continually assess the operational risks to the environment and take care to recycle our waste where possible.

65% of the waste generated at our facilities is recycled through authorized vendor tie-ups. A majority of the balance mixed solid waste and tissue paper is also handled through vendors. However, the final fate of the waste is not clearly understood.

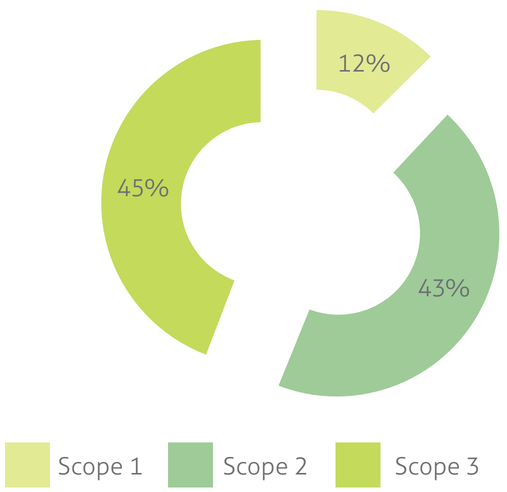
TARGET
Improve waste recycling from 65% to 85% by 2015

We are continuously exploring better monitoring of our waste management practices. A significant proportion of the waste data is based on derivations.

GHG Footprint

We started measuring our carbon emissions from 2009 and have actively taken steps to reduce our GHG footprint. Our GHG mitigation strategy works on a three pronged approach - resource conservation practices, energy efficiency and sustainable waste management.

The chart provides a summary of our overall carbon emissions – categorized under:
Scope 1 (emission from direct energy consumption, like fuel),
Scope 2 (emissions from purchased electricity) and
Scope 3 (emissions from other indirect sources).



Our Emission intensity stands at 3.38 tons/employee. In addition to our energy efficiency practices, we made a concerted effort to reduce the GHG footprint of our scope three emissions. Implementation of transportation initiatives such as common bus systems, carpooling and cab route optimization have contributed significantly in the reduction of our footprint.

TARGET

Reduced GHG footprint per capita by 5% year on year

We ensure all our emissions are within the permissible limits prescribed by the pollution control board. We are in the initial stages of implementing our GHG mitigation strategy and hence have not adopted a clean development mechanism project.

Biodiversity

Biodiversity loss is one of the least understood ecological risks and critically interconnected with global warming, water scarcity and livelihood loss in many ways. None of our current facilities is proximate to biodiversity sensitive areas (protected or of high value). Our business operations pose zero risk to any endangered species, plant or animal.

Environmental management in our value chain

Design and development of software solutions is core to Mindtree's business operations. In our sustainability vision and thinking, we recognize the centrality of going beyond our organization's boundaries and working with all stakeholders in the value chain - suppliers, customers, contractors and service providers. As we do not develop products, we regularly review and improve upon the process of new technology development, deployment and commercialization by incorporating social, ethical, and environmental considerations. Our supplier code of conduct as well as the LEED principles, to which we adhere, extends the responsibility of transparency and integrity to our suppliers and furthermore facilitates sustainable sourcing.

Green community initiatives

Solid Waste Management Initiatives in Raja Rajeshwari Nagar

Green community members are working on an initiative on Solid Waste Management in the neighboring locality of Raja Rajeshwari Nagar. This has yielded excellent results and the efforts have been highlighted in the Times of India Bangalore edition under the section "City & the Citizen".

Environment day celebrations

Important events such as World Environment Day, World Water Day, Earth Day and Earth Hour are celebrated to bring awareness. We regularly conduct "Expert talks" sessions on afforestation, rain water harvesting, biodiversity conservation, waste management, and eco-architecture

Awards & recognition

- People Green Award (Jul'12): Mindtree has won the 2nd Runner-up in the People's Green Award category as part of the TCS World 10K Marathon that was held in Bangalore, May 2010. This award is for Companies and Corporate Foundations contributing to the environmental causes without seeking any monetary gains
- "Certificate of Merit" for a note worthy performance in community impact by SHRM, India

Customer Engagement

Mindtree takes pride in the fact that we have consistently assisted our customers build value by engineering meaningful technology solutions and by delivering high quality services. We have several mechanisms in place to measure Customer Satisfaction. We gather feedback regularly through project surveys and steering committee meetings.

The CES (Customer Experience Survey) process is an annual check on the health and customer relationship sustenance. The actions emanating from the survey drive our customer engagement and service delivery improvement initiatives at different organisational levels. We have not received any customer complaints nor have incurred any cases with regard to unfair trade practices, irresponsible advertising or anti-competitive behavior in the last five years.

Inclusive Growth & Equitable Development

Management approach

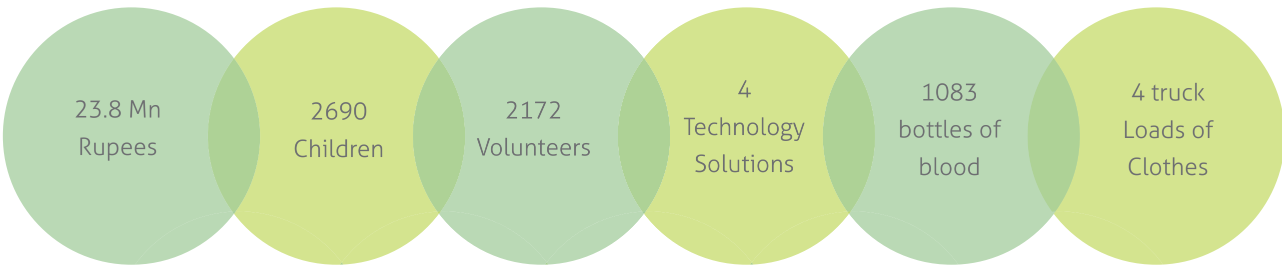
Mindtree recognizes social responsibility as an integral part of its corporate citizenship. Driven by our value system, we commit to support and nurture societies through innovative solutions to satisfy evolving needs of the society. We strive to foster a socially responsible corporate culture by introducing a balanced approach to business by addressing social and environmental challenges through required investments, necessary resource allocation and stakeholder engagements. Mindtree Foundation plays a catalyst role in bringing this change, step by step.

Our social transformation initiatives are led by Mindtree Foundation and are now nearly six years old. Over the years, our approach has been to engage in social issues with sensitivity, rigor and responsibility. Mindtree Foundation lays the platform for Mindtree's value system. The Foundation's charter is to

- Promote education to underprivileged children with a special emphasis on people with disability
- Provide relief to poverty by way of assistance to food, shelter and clothing
- Provide relief to distress caused by calamities of nature

Mindtree Foundation strives to achieve these charters through its grant, voluntary, organizational development and technical consultancy programs. Below is a snapshot of our activities.

CSR Contributions (2012-13)	Amount (INR)
Donation-Charitable Institutions	5,050,000
Donation-Shelter Expenses	18,021,549
Donation school fees	538,007
Donation food expenses	90,010
Indirect Expenses towards donation	22,578
Miscellaneous	68,681
Total	23,790,825



Directors' report

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their fourteenth annual report on the business and operations of your Company for the financial year ended March 31, 2013.

Financial Performance

₹ in million

Financial Particulars	As at March 31, 2013	As at March 31, 2012
Revenue from operations	23,618	19,152
Other income	350	384
Total revenues	23,968	19,536
Employee benefit expense	14,274	12,261
Finance costs	10	5
Depreciation and amortisation expense	624	695
Other expenses	4,824	3,958
Total expenses	19,732	16,919
Profit before tax	4,236	2,617
Tax expense	847	430
Profit for the year	3,389	2,187

Global Economic & Business Environment

Global economy has been on a gradual recovery path with a GDP growth of around 3.3% during 2013 as against 3.2% in 2012, led by a strong US, easing EU and a stabilizing China. The inflation in the Euro zone eased due to slow growth and in the US, it was under control at 2% despite expansionary monetary policy with modest inflationary pressures in emerging economies. The unemployment in the US has been on a slow decline whereas, housing markets were on a rebound. Policy action in the US and EU has bolstered confidence that led the equity markets to a rally; and capital flows of emerging economies picked up again. There are strong earnings in the US S&P and Dow Companies and these indexes are approaching historic all-time highs.

Business Perspective

Current business and consumer sentiments are expected to improve in 2013 and therefore, global IT spending to accelerate during 2013. We are a global IT Services Company that engineers meaningful technology solutions to help businesses and societies flourish. We place significant emphasis on 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 allowing us to offer end-to-end IT Services to our clients. With delivery centers in India and overseas, 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 services etc., to our customers. We believe that our comprehensive portfolio of service offerings helps our customers achieve their key business objectives.

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 continue to deliver superior value to its customers. Your Company today is much more focused and is executing better than a year ago.

Revenue for the year is ₹ 23,618 million signifying a growth of 23.3% in Rupee terms. We had 232 active customers as at March 31, 2013 of which 74 accounts had revenues in excess of US$ 1 million.

EBITDA margins were at 20.6% as compared to 15.3% in the previous year. The main reason for the increase in EBITDA margins are rupee depreciation of about 14% (from ₹ 47.57 to ₹ 54.21) during the year. Our effective tax rate is about 20% as compared to about 16.4% in the previous year. PAT has increased by 55% to ₹ 3,389 million as compared to ₹ 2,187 million in the previous year mainly because of the reasons explained above.

Dividend

Based on the Company's consistent performance, your directors had declared a first interim dividend of ₹ 3/- per share on the equity shares of ₹ 10/- each (par value) on October 16, 2012 and were paid to the Shareholders who were on the Register of Members of the Company as on the record date at the closing hours of October 29, 2012.

Your Directors have also declared a second interim dividend of ₹ 4/- per share on the equity shares of ₹ 10/- each (par value) for the year ended March 31, 2013 which is payable to the Shareholders who would be on the Register of Members of the Company as on the record date at the closing hours of May 06, 2013.

Your Directors also recommended a final dividend of ₹ 5/- per share on the equity shares of ₹ 10/- each (par value) for the year ended March 31, 2013 which is payable on obtaining Shareholders' approval in the fourteenth Annual General Meeting, making the total dividend for the year 2012-13 to 120% of the paid up capital.

The dividend will be paid in compliance with all the applicable regulations. The dividend pay-out amount for the current year inclusive of additional tax on dividend will be ₹ 578 million as compared to ₹ 188 million in the previous year.

In view of the improved predictability and stability of the Company's operations, the Board intends to maintain similar or better levels of dividend payout over the next few years. However, the actual dividend payout in each year will be subject to the investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company.

Transfer to Reserves

We propose to transfer ₹ 339 million to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975. Your Company also proposes to retain ₹ 9,198 million in the statement of profit and loss on standalone basis.

Changes to Equity Share Capital

Your Company also issued 991,132 equity shares of ₹ 10/- each to various Mindtree Minds on exercise of stock options. Consequently, the paid-up equity share capital has increased from ₹ 405,439,230 to ₹ 415,350,550 as on March 31, 2013.

Board Committees

The details of various Committees of the Board are provided in the Corporate Governance Report.

Infrastructure

In 2011-12, your Company has added a new facility at Chennai in Ramanujan IT City comprising of 73,000 sq. ft. area spread over two floors. This has enhanced our seating capacity by 717 seats. This facility boasts of two world class Network Operations Centers. We are in the process of adding another 1,500 seats at this campus. The proposed new facility at Mindtree East Campus, Bangalore, is slated to be ready by June 2013, thus giving us an ability to add about 1,800 seats as and when business requirements demand for it. We have also added 2,50,000 sq. ft. of area at Global Village, with a seating capacity of about 2,500. As soon as we receive necessary statutory approvals, we will commence construction of Mindtree Kalinga at Orissa. We will work towards making this operational during 2014. With a view to broaden our presence near site, we have started operations at our first U.S Development Center at Gainesville.

Currently your Company has about 2 million sq. ft. of built up space with 12,375 seats and an ability to ramp up additional seats quickly, as and when needed.

Your Company is also glad to announce that, two of its facilities, Mindtree East Campus at, Whitefield, Bangalore and Mindtree Hyderabad are certified as "LEED GOLD" for Commercial Interiors. We are aspiring to get a LEED Platinum rating for Mindtree East Campus, Phase 2 building and Mindtree Kalinga and also LEED GOLD for Phase 5 at Bangalore, Global Village.

Subsidiaries

With the dissolution of Mindtree Software (Shenzhen) Co. Ltd. with effect from September 6, 2012, we had one subsidiary company for the financial year ended on March 31, 2013, namely, Mindtree Software (Shanghai) Co. Ltd.,

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. 2/2011 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 2012-13 does not contain the financial statements of our subsidiary(ies). The audited annual accounts and related information of our subsidiary(ies), where applicable will be made available upon request.

People

The total number of Mindtree Minds as at March 31, 2013 was 11,591 as against 11,000 as at March 31, 2012. 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 13.39% as against 18.2% in the year before. During the year under review, your Company has focused 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 favorable environment and promotes innovation and merit. This strong alignment of our people's interests and business interests, led the organization to achieve its objectives and thus create value for people and customers. 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 is captured & disseminated across teams.

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 leadership development consulting organisations. One hundred & twenty leaders took the assessment to understand the agility and competence levels. The overall assessment showed us where and how we must change, including critical gaps that must be filled with new talent from outside.

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 eight stock option programs, viz., ESOP 1999, ESOP 2001, ESOP 2006 (a), ESOP 2006 (b), ESOP 2008 (A), DSOP 2006, ESOP 2010 (A) and Mindtree Employee Restricted Stock Purchase Plan 2012.

A reconciliation statement of the equity shares approved in-principle and later allotted and listed till March 31, 2013 is given below:

Particulars	Number of shares -ESOP 1999 Program I	Number of shares -ESOP 2001 Program II	Number of shares -ESOP 2006(a) Program III	Number of shares -ESOP 2006(b) Program IV	Number of shares -DSOP 2006 Program VI	Number of shares -ESOP 2008(A) Program V	Number of shares -ESOP 2010(A) Program VII	Number of shares Mindtree Employee Restricted Stock Purchase Plan 2012 Program VIII
In-principle approval received from BSE & NSE	196,381	853,675	366,500	7,349,900	500,000	300,000	1,135,000	1,000,000
Less: No. of equity shares allotted & listed	188,004	724,161	239,557	1,764,476	120,000	90,524	-	7,831
Balance number of equity shares	8,377	129,514	126,943	5,585,424	380,000	209,476	1,135,000	992,169

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/ESPS 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 and Directors during the year are as under:

Name of the Senior Managerial Personnel	Designation	Stock options	RSU's Granted
Mr. Ravi Shankar B	Executive Vice President	-	6,164
Mr. Arun Rangaraju	Senior Vice President	-	1,667
Name of the Director	**Designation**	**Stock options**	**RSU's Granted**
Prof. Pankaj Chandra	Independent Director	10,000	-
Mr. Ramesh Ramanathan	Independent Director	10,000	-

Directors

As per Article 109 of the Articles of Association of the Company, the following Directors retire by rotation and being eligible, offer themselves for re-appointment.

1. Prof. David B. Yoffie;
2. Prof. Pankaj Chandra; and
3. Mr. Ramesh Ramanathan.

Mr. N.S. Parthasarathy has been appointed as an Alternate Director to Mr. S. Janakiraman, effective from October 22, 2012 and Mr. Anjan Lahiri had been appointed as the Executive Director effective from October 24, 2012.

Your Directors recommend that the resolutions relating to the re-appointment of Prof. David B. Yoffie, Prof. Pankaj Chandra, Mr. Ramesh Ramanathan and Mr. Anjan Lahiri as Directors of your Company be passed. Their brief resumes are attached to the notice of the fourteenth Annual General Meeting pursuant to the provisions of Clause 49 of the Listing Agreement.

Liquidity

Your Company maintains sufficient cash to meet its operations and strategic objectives. Our cash generation during the year has been healthy. Our cash and investments (net of short term borrowings) have increased from ₹ 3,270 million as at March 31, 2012 to ₹ 5,062 million as at March 31, 2013. These funds have been invested in deposits with banks, highly rated financial institutions, certificates of deposits and in money market mutual funds.

Brand Identity

During this financial year, your Company announced its new brand identity with the unveiling of its new mission, values and logo. The rebranding initiative reinforces the Company's ongoing transformation to an expertise-led organization. The new brand identity highlights Mindtree's differentiated approach to sophisticated global customers, while also appealing to younger audiences that form the global talent pool of the future.

The rebranding activity is a strategic component of Mindtree's vision of becoming a billion dollar company and will bring alive the new values of 'Collaborative Spirit, Unrelenting Dedication and Expert Thinking'.

Mindtree's new logo of multiple strands weaving into a harmonious hub represents the meeting of minds and technology and speaks of humanity while projecting a forward looking momentum. The tagline *"Welcome to possible"* is a simple but powerful expression of the brand mission, values and promise. The brand identity was designed in Los Angeles, USA by Siegel + Gale.

We made 3 important changes to our brand that will put Mindtree in a different league.

Mission – Our new mission is **"We engineer meaningful technology solutions to help businesses and societies flourish"**

Values – The new values that will drive our behavior to be an expertise-led organisation are

- Collaborative Spirit
- Unrelenting Dedication
- Expert Thinking

Voice – The Mindtree brand has a bold voice and we choose the following to communicate our personality to the stakeholders

- Bright
- Confident
- Active

Logo – We also changed our visual identity as part of this exercise. The new logo symbolises our mission, values and brand voice.

Together, these changes will lead us to the next level of growth and positioning for Mindtree. We are confident that the change is in the right direction and will play a pivotal role in preparing the organisation to be relevant and significant to our customers.

Awards and Recognitions during FY 2012-13

During the year, your Company received various awards and recognitions. Some of the key accolades received during the year include:

- Named 'Best Corporate Governance India', 2013 by World Finance Magazine
- Topped the category of 'Best for Investor Relations in India' as per Asiamoney Corporate Governance Poll 2012
- Selected by WASL procurement team (Our Client) as 'Best Supplier in the IT- Software Services Category' in December 2012. This award is an endorsement of all the hard work the SAP Practice IG has put in over the years to make various projects successful.
- Selected by Forbes Asia as one of the '200 Best under a Billion Companies' of 2012. From a list of 15,000 companies, the screening was done based on sales growth, earnings growth and return on equity in the past 12 months and over three years.
- Second runner-up in the 'People's Green Award' category as part of the TCS World 10K marathon that was held in Bangalore, 2012.
- Mr. Rostow Ravanan, CFO, Mindtree, named amongst the top 100 CFOs in India by the CFO Magazine for 2012 under the category of 'Winning Edge in Strategy'. This is the third year in succession that Rostow has made it to the coveted list.
- Ranked among the top five global R&D services providers in 'Global R&D Services Providers 2012' by Zinnov Consulting.
- Positioned as the third leading semiconductor R&D service provider in a survey conducted by Zinnov Management Consulting that covered India, China, Russia and Eastern Europe.
- Mr. Krishnakumar Natarajan, CEO & MD, has been ranked 28th in the 50 highest rated CEOs globally, by Glassdoor's Annual Survey.
- Mindtree is consecutively awarded 7th time winner of India's Most Admired Knowledge Enterprise (MAKE) award.

Litigation

No material litigation was outstanding as at March 31, 2013.

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 and as such, no amount of principal or interest was outstanding as on March 31, 2013.

Sustainability Report and Green Initiatives at Mindtree

The report on Sustainability and Green Initiatives taken by your Company is disclosed separately in this report as a part of Business Responsibility Report.

Corporate Governance

Your Company has been practicing the principles of good corporate governance.

A detailed report on corporate governance is available as a separate section in 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. During the year 2012-13, unpaid or unclaimed dividend of ₹ 48,579.90/- was transferred to the Investor Education and Protection Fund, as required under the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

Statutory Auditors

The retiring Statutory Auditors, B S R & Co., Chartered Accountants, hold office as Statutory Auditors until the conclusion of the fourteenth 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 fifteenth Annual General Meeting.

The Audit Committee and the Board of Directors recommend the reappointment as Statutory Auditors, B S R & Co., Chartered Accountants, be re-appointed as the Statutory Auditors to hold office until the conclusion of the fifteenth 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 ₹ 6 million per financial year or ₹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

MindTree Foundation's Charter has three aspects to it:

- To promote education to underprivileged children with a special emphasis on special or differently abled children.
- To provide relief of poverty by way of assistance to food, shelter and clothing.
- To provide relief of distress caused by calamities of nature.

All the activities undertaken by MindTree Foundation are broadly segregated under three programs as mentioned above. Programs taken up by MindTree Foundation during FY 2012-13 include:

1. **Donation Programs:** MindTree Foundation supports the under privileged children and children with disability, with resources in the form of money, infrastructure and education:
   a. Built a new home for the inmates of Missionaries of Charity (M.O.C) Yelahanka, Bangalore at an expense of ₹ 200 lakhs
   b. Donated ₹ 25 lakhs to SSK (Spastics Society of Karnataka) for installing a passenger-lift for their satellite treatment center IGICH (Indira Gandhi Institute of Child Health) premises in Bangalore.
   c. Donated ₹ 20 lakhs to Sparsh Hospitals to do corrective surgeries for the underprivileged children.
   d. Installed a 63 KVA Electrical Transformer worth ₹ 7 lakhs at a Leprosy Home in M.O.C. Janla, Odisha
   e. Donated ₹ 5 lakhs to Sikshana Foundation, an N.G.O and supported 12 schools in Kanakapura District in Karnataka to improve their standards. This benefited about 1005 children.
   f. Donated 300+ computers to various NGOs and special schools' utilization.
2. **Voluntary Programs:** Mindtree Foundation creates a platform for Mindtree Minds to do voluntary work and learn to collaborate and dedicate themselves to make a difference in the society.
   a. In partnership with TTK Blood bank, MindTree Foundation conducted blood donation camps at Mindtree Bangalore, Pune, Hyderabad and Chennai and successfully collected 1,083 bottles of blood.
   b. Conducted clothes drive during the year and sent 4 truck load of clothes for Goonj in India.
   c. Ensured that the TSA (Technologists for Social Action) programs are organized on every second Saturday simultaneously across Mindtree Bangalore, Chennai, Hyderabad and Pune. Modified the programs from the year 2013 onwards by creating hands-on activities (to clean the floors, ceilings, change beds, bedspreads, feeding the inmates, cleaning the kitchen, toilets etc.,) for all the participants at M.O.C. premises. MindTree Foundation had 623 participants during the said year.
   d. With the help of the Blessed Parents (Mindtree Leaders), MindTree Foundation sponsors 14 children from Somanahalli village for their higher education this program has been very successful so far. Two out of these 14 children have been admitted into Engineering Colleges for higher studies.
   e. The joy of giving program brought about 800 volunteers participating from 6 project teams and made a huge difference to 650 children from the Government Schools.
   f. With the support of 44 volunteers, MindTree Foundation conducted life skills programs in Mindtree Bangalore and Chennai for Government by benefitting 310 school children.
3. **Technical Consultancy Programs:** MindTree Foundation receives requirements from IIT-M (Indian Institute of Technology - Madras), SSK, and SPASTN (Spastics Society of Tamilnadu) on their various needs for technical solutions. MindTree Foundation supports them by collecting, evaluating, finding internal resources and external vendors to provide solutions.
   a. IIT-M supplies ADITI to Vidyasagar School for disabled children in Chennai. MindTree Foundation continues to help IIT-M to make 100 more units of ADITI and so far, it has contributed in delivering 200 units to IIT-M.
   b. KAVI-PTS: Based on IIT-M's request, MindTree Foundation conceptualized KAVI-PTS and provided technical solutions and received appreciations from IIT-M for the same. IIT-M has also taken the solution to the Google Market.
   c. Mobile Training Aid: MindTree Foundation is in a process of providing solution on Mobility Training Aid (for Cerebral Palsy affected kids) to IIT-M.

d. MindTree Foundation presented a technical paper on KAVI-PTS to IIT-M for the IEEE Global Humanitarian Technology Conference - South Asia Satellite (GHTC SAS 2013) under the Inclusive Technologies for the Differently abled track.

e. Finger-Switch: MindTree Foundation delivered Finger-switch POCs for Cerebral Palsy affected kids to IIT-M. This is demonstrated to National Trust Laboratories, Delhi and to Perkins, US.

f. SPASTN requested 32 types of technical solutions for their children with disabilities. MindTree Foundation created a volunteer team (with the help of delivery heads) in Chennai and Bangalore to deliver the solutions and has also identified 20 solutions which are under progress.

g. Suction Ball: MindTree Foundation has successfully delivered 45 numbers of the Suction Balls to SPASTN. This helped the children with Attention Deficit Hyper Active Disorder (ADHD), Cerebral Palsy, and Autism disabilities. MindTree Foundation also facilitated the development of KINECT based Gesture Comparison program for SPASTN, Chennai.

MindTree Foundation has won the award from SHRM India HR Awards'12 under the category "Excellence in Community Impact". This is an award constituted for HR excellence by Society of Human Resource Management (SHRM) and Economic Times.

Abraham Moses, Head, MindTree Foundation, has been awarded Forbes 2012 Philanthropy Award under the category "Good Samaritan" for his combined efforts in looking after administration and the personal welfare of Mindtree Minds.

Quality Initiatives

We continue our journey of delivering value to our clients through significant investments in quality programs. We have adopted several external benchmarks and certifications. Your Company is certified under various standards to meet clients' requirements and enhancing valuable delivery.

Customer Satisfaction

From last year, we have partnered with an independent firm to do our Annual Relationship Survey with our customers. We continue to leverage this relationship to bring the best practices into the engagement process as well as to bring in industry insights.

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. We are happy to report that on the two major parameters of Satisfaction and Advocacy we have increased our scores to 5.29 and 5.28 respectively on a 7 point scale.

The increased rigour in delivery has resulted in customers being happy about the Quality of Deliverables, Meeting Commitments and Overall Program Governance while the Collaborative Spirit has resonated with a majority of customers as Attitude and Willingness to go the extra mile.

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

Customer Centricity will continue to be a thrust area during FY 2013-14 and deliver sustained performance through our customer facing processes, systems and quality.

Business Responsibility Report:

As per Clause 55 of the Listing Agreement, certain listed companies should submit as a part of the annual report, "Business Responsibility Report" describing the initiatives taken by the companies from an environmental, social and governance perspective.

We have always been at the forefront of voluntary disclosures to ensure transparent reporting on all matters related to our Company's governance and business operations and have voluntarily undertaken to publish the required data. The report covers our philosophy on corporate social responsibility, initiatives and activities taken up as part of this philosophy for the year 2012-13. Our Business Responsibility Report is available as a separate section of this annual report & the Sustainability Report will be available on our website www.mindtree.com. This is a comprehensive report that covers all aspects of our sustainability activities pertaining to our efforts on conservation of environment, conducting green awareness events, our commitment towards society, enhancing primary education, etc., This report is audited by reputed external Auditors.

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the code of conduct for prevention of insider trading and the code for corporate disclosures are in force.

Acknowledgements

The Board thanks the Company's customers, Mindtree Minds, Shareholders, Investors, Vendors, Bankers and Academic Institutions and all other stakeholders 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 Government of India, the State Governments, particularly, the Software Technology Parks-Bangalore, Bhubaneswar, Chennai, Hyderabad, Pune and other Government and State Government agencies, the Tax Authorities, the Ministry of Commerce, Reserve Bank of India, Ministry of Corporate Affairs, Ministry of Communication and Information Technology, Ministry of Finance, the Customs and Excise Departments, Securities and Exchange Board of India and others and look forward to their support in all future endeavors.

For and on behalf of
the Board of Directors

Bangalore
April 22, 2013

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. There are no material departures in the adoption of the applicable 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 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 financial statements have been audited by B S R & Co., Chartered Accountants, the Company's Statutory Auditors.

V. 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 audit, internal control and financial reporting issues.

VI. 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 under Business Responsibility Report.

C. Technology and Innovation

a) Technology Absorption in PES Business

Mindtree has been investing in building technology agility and asset creation in multiple ways viz., Research Labs (PES Labs), Industry Group Labs (IG Labs) and Centres of Excellence (COEs). The Research Labs look at emerging technologies early on, evaluates and sponsors specific initiatives that lead to substantial technology assets and deep understanding of early stage technologies. The COEs focus on specific technologies whereas, IG Labs invest in creating assets for specific industry groups being serviced by the group.

PES Labs

With the advent of the collaborative internet, mobile computing and social media as well as the rapid growth of IP-enabled sensors and location aware devices, the sources of massive data streams and their applications have significantly increased. PES Labs have been investigating scalable computing as a research theme under which real-time analytics of Big Data in Motion (Streaming Big data) and Internet of Things (IOT) are the two on-going research initiatives.

Technology Centres of Excellence

Technology Centres of Excellence (COEs) at PES 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. The following COEs have been active in fulfilling this charter.

- **Web Technologies Centre of Excellence**

  Web Technologies Practice is working on "Product Intelligence Dashboard" - an initiative to develop an unobtrusive tool that combines state-of-the-art analytical techniques with already-existing data about product usage latently lying in application logs and also social data of the product that is present in the web.

  The tool is aimed primarily at Product Managers and Account Managers wherein, it will equip Product Managers to make intelligent data-driven decisions with regard to their product roadmap; on the other hand, it will provide Account/Engagement Managers better insights into product usage so as to facilitate deeper engagement with customers and effective adoption by end-users.

- **Open Source Software Centre of Excellence**

  OSS COE has demonstrated an integrated "Semantic SOA" platform using open source based components – a platform which offers a scalable, fault-resilient and self-organizing substrate for building Semantic SOA-based applications.

  The COE is also building an open source based "Media Distribution Platform" called "MOSS" – a one stop media solution for managing and distributing media assets . The COE has also taken the Warpspeed, Web UI analyzer tool to the next level by adding a library of re-usable HTML5 components.

- **Microsoft Azure Centre of Excellence**

  Our MS Azure COE has also extended the Azure Migration Factory (AMF 3.0) to include new tools and solutions that enable enterprises to adopt the MS cloud effectively.

  Windows Azure Gauge, a desktop gadget that shows the status of application instances running in Azure and send further details over email.

  Backup Hosted Application Package - Tool to save the hosted applications package to the Azure storage blob container so that, it can be restored later.

  Azure Diagnostic Log Analyzer - Azure Diagnostic Log Analyzer tool is a WPF client based application used to manage and analyze Azure diagnostics data collected by Windows Azure applications.

  Azure Storage Backup- A web application used to take a backup of the Azure blob storage and recover in case of data loss.

- **Enterprise SW Product (ESP) Labs**

  During FY 2012-13, Mindtree's ESP Labs has invested in developing a metadata based framework (MARS) that will help ISVs and their customers to migrate from one version to another or one database system to another. Currently under development, MARS will have the ability to create metadata and use this metadata in migration process using SQL scripts, APIs, web services or a combination of these already available in the product. It can also help to consolidate multiple modules, integrate other products in the base offering by updating the metadata and help in integration/migration for its customer.

b) IT Services Investments In Solutions And Technologies

Mindtree continued to strengthen its Digital Business (dBiz) practice as well as investing in digital analytics, enterprise integration, business process management and packaged solutions. Mindtree also embarked on developing non-linear capabilities to service Consumer Packaged Goods (CPG), Manufacturing, Banking & Financial Services (BFS) and Insurance industries. Following are few examples of solutions and technology centres of excellence that Mindtree invested in during the year:

- A Business Process Monitoring (BPM)-based solution that enables banks to orchestrate the loan origination process and its periodic optimization. It allows customers to adopt efficient processes with parallel activity for different stakeholders. The solution automates exposure checks covering customer, group, concentration limits across products and industries. It also enables better monitoring of counterparty risks against external entities, countries and currencies across the loan approval process.
- A data aggregation and rule-based solution, which enables banks to consolidate data from loan servicing platforms and visualize end customer exposure across product lines. It applies rules for ongoing exposure tracking, collateral valuations and covenants monitoring.
- A centre of excellence to create world-class solutions around business process management and expertise using the PEGA suite of products.
- A reusable MDM framework which includes data quality integration and data stewardship features as well as a self-service MDM and Data Quality tool evaluation utility.
- A metadata driven framework that accelerates ETL development lifecycle. It utilizes the Microsoft and SAP Business Objects stack and can be plugged into any SSIS and BODS solution.
- Best practices' based BOXI 3.x to 4.x migration framework which substantially reduces migration time and ensures high quality by stressing a high ratio for first-time-right.
- An Application monitoring dashboard framework built using a standard data model, which enables a service delivery team to monitor jobs and their status.
- A digital analytics model developed to improve customer engagement at a website. It provides key metrics by analyzing visitor data, behaviour data and transactions on websites using an engagement ladder framework.
- A churn analytics model developed for insurance industry for optimizing retention of high value customers.
- Mobility applications on SAP Trade promotion management for CPG industry, developed as part of Mobile Application partner program run by SAP.
- A COE catering to enhancing SAP HANA capabilities including BW to HANA migration.
- ABAP development accelerators that will improve the delivery efficiency and timelines. Features include: ABAP Code Reviewer, ABAP Code Commenter, Transport Utility and ABAP Code Generator.
- Mobile AppFactory that provides native mobile application building blocks, components and reference applications.
- Smart Store solutions – a collection of mobile applications relevant for Retail Store and Distributors.
- Data visualization components designed for reports to be viewed on Mobile devices.
- mBrowse – a Mobile Website Testing accelerator.

c) 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, US	2011
21	Circular object identification system	India, US	2011

D. Earnings and Expenditure in Foreign Currency (accrual basis)

Expenditure in Foreign Currency

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Branch office expenses	7,821	5,962
Travel expenses	134	200
Professional Charges	21	8
Others	97	540
Total	**8,073**	**6,710**

Earnings in foreign currency

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Income from software development	22,598	18,069
Other income	17	3
Total	**22,615**	**18,072**

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 winning 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.

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

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

Financial Summary of the Subsidiaries

₹ in million

Particulars	Mindtree Software (Shenzhen) Co. Ltd., March 31, 2013	Mindtree Software (Shenzhen) Co. Ltd., March 31, 2012	Mindtree Software (Shanghai) Co. Ltd., March 31, 2013	Mindtree Software (Shanghai) Co. Ltd., March 31, 2012
Capital	-	23	14	-
Reserves	-	-	-	-
Total Assets (Gross)	-	23	14	-
Total Liabilities	-	-	-	-
Details of investments	-	-	-	-
Turnover	-	-	-	-
Profit /(Loss) before taxation	(2)	(1)	-	-
Provision for taxation	-	-	-	-
Profit after taxation	(2)	(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. Data as per Clause 5A of the Listing Agreement which remain unclaimed and are lying in the Escrow Account

(i) 11 Shareholders holding 197 shares are in the suspense account from the beginning of the year 2012-13;

(ii) Number of Shareholders who approached issuer for transfer of shares from suspense account during the year - Nil;

(iii) Number of Shareholders to whom shares were transferred from suspense account during the year - Nil:

(iv) 11 Shareholders holding 197 shares are in the suspense account lying at the end of the year .

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares

G. 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 eight stock option programs, including Mindtree Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012') during the current year.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of ₹ 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 ₹ 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, 2013	2012
Outstanding options, beginning of the year	4,000	4,088
Granted during the year	-	-
Exercised during the year	500	88
Lapsed during the year	3,500	-
Forfeited during the year	-	-
Outstanding options, end of the year	-	4,000
Options vested and exercisable, end of the year	-	4,000

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of ₹ 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 ₹ 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, 2013	2012
Outstanding options, beginning of the year	79,367	126,763
Granted during the year	-	-
Exercised during the year	25,837	40,124
Lapsed during the year	5,612	7,272
Forfeited during the year	-	-
Outstanding options, end of the year	47,918	79,367
Options vested and exercisable, end of the year	47,918	79,367

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of ₹ 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 ₹ 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, 2013	2012
Outstanding options, beginning of the year	-	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, end of the year	-	-
Options vested and exercisable, end of the year	-	-

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 ₹ 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, 2013	2012
Outstanding options, beginning of the year	1,349,038	2,308,946
Granted during the year	-	110,000
Exercised during the year	905,860	408,995
Lapsed during the year	97,528	486,768
Forfeited during the year	41,000	174,145
Outstanding options, end of the year	304,650	1,349,038
Options vested and exercisable, end of the year	115,225	1,013,388

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. Each new option is entitled to 1 equity share of ₹ 10/- each.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	124,803	150,218
Granted during the year	-	-
Exercised during the year	14,437	938
Lapsed during the year	2,118	24,477
Forfeited during the year	-	-
Outstanding options, end of the year	108,248	124,803
Options vested and exercisable, end of the year	108,248	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 ₹ 10/- each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	151,667	165,000
Granted during the year	20,000	-
Exercised during the year	36,667	13,333
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options, end of the year	135,000	151,667
Options vested and exercisable, end of the year	76,667	75,001

Program 7 [(ESOP 2010 (A)]

In-principle approvals for administering the seventh stock option program i.e., ESOP 2010 (A) has been received by the Company from the BSE and NSE for 1,135,000 equity shares of ₹ 10/- each. No options have been granted under the program as at March 31, 2013.

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

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

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	-	-
Granted during the year	7,831	-
Exercised during the year	7,831	-
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options, end of the year	-	-
Options vested and exercisable, end of the year	-	-

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

Amount in ₹

Particulars	Year ended March 31,	
	2013	2012
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	-	250.00
Program 4	336.84	308.77
Program 5	404.63	161.56
DSOP 2006	259.27	355.00
ERSP 2012	10.00	-

The following tables summarize information about the options outstanding under various programs as at March 31, 2013 and March 31, 2012 respectively:

Particulars	As at March 31 2013,		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in ₹)
Program 1	-	-	-
Program 2	47,918	2.00	50.00
Program 3	-	-	-
Program 4	304,650	2.62	491.45
Program 5	108,248	3.21	392.82
DSOP 2006	135,000	1.95	559.41

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 ₹)
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

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:

₹ in million except EPS data

Particulars	Year ended March 31,	
	2013	2012
Net profit as reported	3,389	2,187
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	74	78
Pro forma net profit	3,315	2,109
Basic earnings per share as reported	82.70	54.27
Pro forma basic earnings per share	80.89	52.34
Diluted earnings per share as reported	81.66	54.18
Pro forma diluted earnings per share	79.87	52.25

During the year ended March 31, 2013, 20,000 options were granted by the Company under DSOP 2006.The weighted average fair value of each option of Mindtree, granted during year ended March 31, 2013 was ₹ 393.56 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	₹ 556
Weighted average exercise price	₹ 556
Dividend yield%	0.18%
Expected life	3 – 5 years
Risk free interest rate	8.11%
Volatility	101.5%

The Company has received/realised the below mentioned amount by exercise of options by the employees.

The following table summarizes the information about the amounts received/realized by the Company under various programs as at March 31, 2013 and March 31, 2012 respectively.

Amount in ₹

Particulars	Year ended March 31,	
	2013	2012
Program 1	5,000	880
Program 2	1,291,850	2,006,200
Program 3	-	11,314,500
Program 4	305,132,400	126,286,920
Program 5	5,841,701	151,543
DSOP 2006	9,506,785	4,733,215
ERSP 2012	78,310	-
Grand Total	**321,856,046**	**144,493,258**

H. 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 31,2013

Sl. No.	Name	Designation	Qualification	Age (Years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (₹)
1	Mr. Ananda Rao Ladi	Senior Vice President	B.Tech	43	Wipro Technologies	Consultant	1-Feb-00	8,303,257
2	Mr. Anil Rao	Vice President - IT Services	MBA	44	Wipro Technologies	Consultant	16-Apr- 01	6,419,751
3	Mr. Anjan Lahiri	President - IT Services	MBA	47	Cambridge Technology	Director(Client Partner)	5-Aug-99	17,147,137 *
4	Mr. Babuji Philip Abraham	Senior Vice President	B.Tech	48	Verifone	Manager-ICD	3-Nov-99	7,305,833
5	Mr. Balaji Krishnan	Vice President	B.E	46	IR Multi Media Solutions Pvt.Ltd.	Project Manager	10-Nov-99	7,304,399
6	Mr. Gaurav Johri	Senior Vice President- IT Services	PGDM	42	Onmobile Asia Pacific	SBU Head,Corporates and M Commerce	25-Feb-08	10,001,702
7	Mr. George Zacharias	Executive Vice President	B.E	54	Sevenstrata IT Services Pvt. Ltd.	Chief Executive Officer	1-May-10	7,245,505
8	Mr. Janakiraman S	President & CEO	M.Tech	56	Wipro	Vice President	20-Oct-99	11,364,506
9	Mr. Kesava Ram Dasu	Vice President	M.Tech	44	Wipro	Technical Manager	10-Apr-00	6,075,878
10	Mr. Krishnakumar Natarajan	CEO & Managing Director	PGDM	56	Wipro	Group President	5-Aug-99	19,754,878
11	Mr. N.S. Parthasarathy	President & CEO	M.Tech	52	Wipro	General Manager	14-Aug-99	12,222,800
12	Ms. Radha R	Senior Vice President- IT Services	PGDM	46	IBM	Country Manager-Alliances	19-Jan-01	9,128,261
13	Mr. Ram Mohan	Executive Vice President	BE	50	Vinciti AQ	Chief Operations Officer	19-Jan-06	12,453,237
14	Mr. Ramachandran Narayanaswamy	Vice President	BE	44	Wipro	Software Specialist	3-Dec-99	7,126,470
15	Mr. Ramesh Gopalakrishnan	Vice President	BE	45	Tata Infotech	Core Member E Commerce Group	14-Aug-00	6,972,384
16	Mr. Rostow Ravanan	Chief Financial Officer	CA	42	Lucent Technologies	Business Value Manager	5-Aug-99	10,157,032
17	Mr. Shishir Gokhale	General Manager	MS	42	Cambridge Technology	Senior Consultant-3	27-Dec-99	6,270,573
18	Mr. Shrish Kulkarni	Vice President	BE	42	Healthasyst	Technical Manager	17-Feb-03	6,531,067
19	Mr. Srinivasa Kottamasu	Vice President	M.Tech	45	Wipro	Resident Manager	5-May-00	8,062,651
20	Mr. Subroto Bagchi	Chairman	BA	56	Lucent Technologies	Vice President	1-Sep-99	15,448,125
21	Mr. Sumesan Kala	Vice President - IT Services	M.Tech	41	Infosys	Delivery Manager	18-Aug-08	8,848,422
22	Mr. Suresh H.P	Vice President - IT Services	M.Tech	45	Abacus International	Staff Analyst	2-Nov-00	7,047,735
23	Mr. Veeraraghavan R.K	Executive Vice President	M.Sc.	46	Wipro	Technical Manager	3-Nov-99	9,486,225

* The Gross Remuneration is inclusive of ₹ 6,382,722 paid as Managerial Remuneration to Mr. Anjan Lahiri as an Executive Director for the period October 24, 2012 to March 31, 2013.

H. 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 31,2013

Part of the year

Sl. No.	Name	Designation	Qualification	Age (Years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (₹)
1	Mr. Ravi Shankar B	Executive Vice President	PGDM	53	HCL	Senior Vice President Human Resources	2-May-12	12,585,518
2	Mr. Arun Rangaraju	Senior Vice President	PGDM	42	Accenture	Senior Vice President	1-Jun-12	6,752,243
3	Mr. Abhay Goyal	General Manager-Tech Support	MBA	44	Ericsson Communication	Manager-Information System	25-Apr-01	2,854,887
4	Mr. Amit Banerji	Vice President - IT Services	B.Tech	49	Satyam Computer Services Ltd.	Delivery Head	1-Mar-10	3,079,118
5	Mr. Amit Singh	General Manager	MBA	41	Infosys Technologies Limited	Group Project Manager	2-Jun-08	2,729,712
6	Mr. Anirban Majumder	Senior Director-Business Development	PGDM	38	Infosys	Senior Systems Analyst	30-Mar-01	425,800
7	Mr. Balamurugan Veeraiah	Senior Project Manager	MCA	33	Eonour Technologies Limited	Consultant	21-Apr-03	515,638
8	Mr. Balu C	Senior Vice President – R&D Services	MCA	48	Novell	Senior Manager	17-Apr-00	4,995,012
9	Ms. Bhageerathi D R	Vice President - IT Services	BE	44	BFL	Project Manager	25-Oct-99	6,927,481
10	Mr. Franco James	Program Director - IMTS	MCA	50	HCL Perot	Project Manager	14-Sep-01	2,106,259
11	Mr. Manoj Soman	Chief Architect	ME	42	Alereon Semiconductors Pvt.Ltd.	Principal Staff Engineer	25-Nov-08	5,825,132
12	Mr. Naganagouda S J	Program Director	PGDM(PM&IR)	37	Taj Group	Personnel Supervisor	20-Oct-99	2,748,561
13	Mr. Ramesh Rajasekar Dorairaj	Vice President	BE	45	Infosys	Delivery Manager	1-Mar-06	3,035,048
14	Mr. Ragunath B	Chief Architect	BE	37	Mico-Robert Bosch	Senior Software Engineer	18-Dec-00	2,486,239
15	Mr. Sagar Paul	General Manager-Knowledge Management	PGDM	43	PWC	Consultant	29-May-00	4,182,342
16	Mr. Sandeep Agarwal	Vice President	BE	38	Lucent Technologies	Senior Software Engineer	5-Jun-00	4,615,575
17	Mr. Sripad K	General Manager-People Function	MCA	44	Wipro Technologies	Manager-Training	20-Dec-00	2,335,563
18	Mr. Subrata Saha	Vice President-R&D Services	B.Tech	50	Wipro	Technical Manager	19-Mar-01	494,386
19	Mr. Vinod Deshmukh	President & CEO-R&D Services	M.Tech	54	Wipro	Vice President	5-Apr-00	4,180721
20	Mr. Vivek Jain	Program Director	MCA	39	Evector Mobile India Pvt.Ltd.	Technical Lead	25-Jun-02	1,327,168

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 thereunder
4. None of the above-referred employees hold shares exceeding 1% as on March 31, 2013 except for Mr. Subroto Bagchi, Mr. N. S. Parthasarathy, Mr. Krishnakumar Natarajan, Mr. S. Janakiraman and Mr. Anjan Lahiri.

For and on behalf of the
Board of Directors

Bangalore
April 22, 2013

Subroto Bagchi
Chairman

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 for the year ended March 31, 2013 and 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 applicable accounting standards, laws and regulations.
2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.
3) We are responsible for establishing and maintaining internal controls over financial reporting by the Company and we have:
   a) Designed such controls to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others;
   b) Designed or caused to be designed, such internal control systems over financial reporting, so as to provide reasonable assurance regarding the preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India; and
   c) Evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4) During the year, 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 ;
   b) Any significant changes in accounting policies during the year, and that the same have been disclosed appropriately in the notes to the financial statements;
   c) Instances of significant fraud, if any, that we are aware especially if any Member of management or employee involved in financial reporting related process. No such instances were noticed during the year 2012-13;
   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
   e) 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 which was inflated on account of such mistakes or omissions.
6) We affirm that we have not denied any employee, 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 22, 2013	CEO & Managing Director	Chief Financial Officer

Corporate governance report

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 stakeholder value creation. Good corporate governance is all about enhancing value for all our stakeholders. The Company is committed to adopting global best practices in corporate governance and disclosure.

Your 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. The Company and its employees (called Minds) are committed and adhere to the highest standards of integrity and the same is being demonstrated by winning multiple national and international corporate governance awards. In the current year, the Company has been adjudged as the 'Best Corporate Governance Company in India', 2013, by World Finance magazine and ranked second in 'Best Overall for Corporate Governance Company (in India)'and also topped the category of Best for Investor Relations in India by Asiamoney.

Corporate governance is of extreme importance to Mindtree and our stakeholders. Good corporate governance is delivering sustainable & industry leading financial performance. We are fully committed to building Mindtree into a memorable company & delivering values to all our stakeholders. Mindtree has implemented relevant systems and procedures to enable corporate governance. This assures the transparency in business, further reiterating the commitment towards building a sustainable & valuable business.

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

Following are the salient features of our Corporate Governance philosophy:

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

The 3-Tier Corporate Governance Structure at Mindtree

I. Shareholders appoint and authorize the Board of Directors ('Board') to conduct business with objectivity and ensure accountability to all Shareholders.

II. On behalf of the Shareholders, the Board leads the strategic management of the Company, exercises supervision through direction and control and appoints various Committees to handle specific areas of responsibilities.

III. The Committees of the Board and Executive Management appointed by the Board 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 Board.

First Tier: Governance to Shareholders

Fourteenth Annual General Meeting ('AGM')

The Fourteenth Annual General Meeting for the year 2012-13 is scheduled on Friday, July 19, 2013 at 10.00 a.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 10.00 a.m. on July 17, 2013.

Annual general meetings of earlier three years

(i) For the financial year 2009-10, we held our 11th AGM on July 20, 2010 at 10.00 a.m. at, 'The Krishna Hall', Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore- 560 025, 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.

(ii) For the financial 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 Special Resolutions was passed for approval of payment of commission to Executive Directors of the Company.

(iii) For the financial year 2011-12, we held our 13th AGM on July 16, 2012 at 3.00 p.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore-560 001, Karnataka, India and Special Resolutions were passed for approval of further issue of 1,000,000 equity shares of ₹ 10/- each and approval of Mindtree Employee Restricted Stock Purchase Plan 2012 and approval of amendments for payment of remuneration to Executive Directors.

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

(i) No EGM was conducted for the financial year 2009-10.

(ii) For the financial 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.

(iii) No EGM was conducted for the financial year 2011-12.

Postal Ballot

No Postal Ballot was conducted during the financial year ending March 31, 2013.

Financial year 2013-14

Our tentative calendar for declaration of results for the financial year 2013-14 is given as below:

Financial Results	Likely date for release of results
For the first quarter ending June 30, 2013	July 18, 2013
For the second quarter ending September 30, 2013	October 17, 2013
For the third quarter ending December 31, 2013	January 17, 2014
For the fourth quarter and financial year ending March 31, 2014	April 19, 2014
15th Annual General Meeting	July 18, 2014

Dividend for the year 2012 -13

Your Board had declared a first interim dividend of ₹ 3/- per share on the equity shares of ₹ 10/- each (par value) on October 16, 2012 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 October 29, 2012.

Your Board had also declared a second interim dividend of ₹ 4/- per share on the equity shares of ₹10/- each (par value) for the year ended March 31, 2013 and will be paid to the Shareholders who would be on the Register of Members of the Company as on the record date at the closing hours of May 06, 2013, within the statutory period.

Your Board has also recommended a final dividend of ₹ 5/- per share on the equity shares of ₹ 10/- each (par value) for the year ended March 31, 2013. Dividend if approved at the fourteenth Annual General Meeting, will be paid to the Shareholders by July 25, 2013..

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 and stakeholders about our operations and financial results. Besides publishing the financial results in Business Standard 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 quarterly financial updates to all Investors and Shareholders whose e-mail ids/addresses are registered/made available to us.

Corporate Identity Number ('CIN')

Corporate Identity Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India, is L72200KA1999PLC025564 and the Company Registration No. is 08/25564 of 1999. Your 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'). 99.66 % of the Company's shares are held in electronic/demat form as on March 31, 2013.

Investor Grievances & Share Transfer System

We have an Investor Grievances Committee represented by the Board to examine and redress Shareholders' and Investors' complaints. The process and approval of share transfer has been delegated to the Company Secretary and Share Transfer Agent. The Company Secretary approves the share transfers and reports the same to the Board at its quarterly meeting.

Shares held in demat or electronic form

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 such share transfers in electronic/demat form. 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.

Shares held in physical form

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.

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: 2308 | Fax: +91 22 2594 6969 | e-mail: chanda.valeja@linkintime.co.in | Website: www.linkintime.co.in

Address for correspondences with regard to the Company

Mindtree Limited, Mr. Rajesh S Narang, Compliance Officer, Tel: +91-3395 5118 or 6706 4000 Extn: 55118 | 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, 2013:
(I) Bombay Stock Exchange Limited ('BSE')
(ii) National Stock Exchange of India Limited ('NSE')

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

Listing fees for FY 2012-13 has been paid for both NSE and BSE.
ISIN Number: INE018I01017
NSE: Series: EQ; Symbol: MINDTREE
BSE: Scrip ID: MINDTREE Scrip Code: 532819

Distribution of Shares

Range of equity shares	As at March 31, 2013				As at March 31, 2012			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Up to 500	45,609	97.48	1,510,534	3.64	57,082	97.96	2,101,165	5.18
501-1,000	375	0.80	279,752	0.67	452	0.78	331,528	0.82
1,001-2,000	258	0.55	374,984	0.90	295	0.51	421,117	1.04
2,001-3,000	97	0.21	240,862	0.58	110	0.18	278,450	0.69
3,001-4,000	76	0.16	268,560	0.65	71	0.13	243,613	0.60
4,001-5,000	50	0.11	232,392	0.56	33	0.06	150,941	0.37
5,001-10,000	130	0.28	912,671	2.20	93	0.15	648,063	1.60
10,001 and above	194	0.41	37,715,300	90.80	134	0.23	36,369,046	89.70
Total	**46,789**	**100**	**41,535,055**	**100**	**58,270**	**100**	**40,543,923**	**100**

Shareholding pattern as at March 31, 2013

Category Code	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 Percentage of (A+B)	As a Percentage of(A+B+C)	No. of Shares	As a percentage
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
a	Individuals/ Hindu Undivided Family	7	6,765,176	6,765,176	16.29	16.29	-	-
b	Central Government/ State Government(s)	-	-	-	-	-	-	-
c	Bodies Corporate	-	-	-	-	-	-	-
d	Financial Institutions/ Banks	-	-	-	-	-	-	-
e	Any Other (specify) (PAC)	2	225,000	225,000	0.54	0.54	-	-
	Sub-Total (A)(1)	**9**	**6,990,176**	**6,990,176**	**16.83**	**16.83**	**-**	**-**
(2)	**Foreign**							
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
b	Bodies Corporate	1	825,521	825,521	1.99	1.99	-	-
c	Institutions	-	-	-	-	-	-	-
d	Qualified Foreign Investors	-	-	-	-	-	-	-
e	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**1**	**825,521**	**825,521**	**1.99**	**1.99**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**10**	**7,815,697**	**7,815,697**	**18.82**	**18.82**	**-**	**-**

Category Code	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 Percentage of (A+B)	As a Percentage of(A+B+C)	No. of Shares	As a percentage
(B)	**Public shareholding**							
(1)	**Institutions**							
a	Mutual Funds/ UTI	26	3,112,555	3,112,555	7.49	7.49	-	-
b	Financial Institutions/ Banks	3	4,708	4,708	0.01	0.01	-	-
c	Central Government/ State Government(s)	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-
f	Foreign Institutional Investors	89	12,767,189	12,767,189	30.74	30.74	-	-
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-
h	Qualified Foreign Investors	-	-	-	-	-	-	-
i	Any Other (Trust)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**118**	**15,884,452**	**15,884,452**	**38.24**	**38.24**	**-**	**-**
(2)	**Non-institutions**							
a	Bodies Corporate	504	10,677,955	10,677,955	25.71	25.71	-	-
	Individuals	-	-	-	-	-	-	-
b	i.Individual Shareholders holding nominal share capital upto ₹ 1 lakh.	45,297	3,236,880	3,139,250	7.79	7.79	-	-
	ii.Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh.	63	1,550,144	1,536,919	3.73	3.73	-	-
c	Qualified Foreign Investors	-	-	-	-	-	-	-
d	Any Other (specify)							
1.	Clearing Members	211	42,432	42,432	0.10	0.10	-	-
2.	Foreign Nationals	8	167,491	165,591	0.40	0.40	-	-
3.	N R I (Repatriable)	428	315,784	289,305	0.76	0.76	-	-
4.	N R I (Non-Repatriable)	141	127,115	127,115	0.31	0.31	-	-
5.	Directors	3	1,717,000	1,717,000	4.13	4.13	-	-
6.	Trusts	6	105	105	-	-	-	-
7.	HUF	-	-	-	-	-	-	-
	Sub-Total (B)(2)	**46,661**	**17,834,906**	**17,695,672**	**42.94**	**42.94**	**-**	**-**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	46,779	33,719,358	33,580,124	81.18	81.18	-	-
	TOTAL = (A)+(B)	**46,789**	**41,535,055**	**41,395,821**	**100.00**	**100.00**	**-**	**-**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
1.	Promoter & Promoter Group	-	-	-	-	-	-	-
2.	Public	-	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**46,789**	**41,535,055**	**41,395,821**	**100.00**	**100.00**	**-**	**-**

Second Tier: Governance by the Board

Composition:

The Company has a balanced mix of Executive and Non-Executive Directors. As at closing of March 31, 2013, the Board had 10 Members consisting of six Non-Executive Members and four Executive Members (and also had one Alternate Director). Of the six Non-Executive Directors, five are Independent Directors and one is Non-Executive Director. The Chairman of the Board for the financial year 2012-13 was Mr. Subroto Bagchi.

Details of number of Directorships and Committee Memberships held by Directors in companies other than Mindtree as defined in Clause 49 of the Listing Agreement as on March 31, 2013.

Name of the 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	56	-	-	-
Mr. Subroto Bagchi	Founder and Executive Chairman	None	56	-	-	-
Mr. S. Janakiraman	Founder and Executive Director	None	56	-	-	-
Mr. V.G. Siddhartha	Non-Executive Director, Nominee Director for Global Technology Ventures Limited, an equity investor in the Company.	None	53	3	-	1
Dr. Albert Hieronimus	Non-Executive Director and Independent Director	None	66	1	-	-
Mr. Anjan Lahiri*	Founder and Executive Director	None	47	-	-	-
Mr. N. S Parthasarathy**	Founder, Alternate Director to Mr. S. Janakiraman and Non-Executive Director	None	52	-	-	-
Mr. R. Srinivasan	Non-Executive Director and Independent Director	None	71	9	2	5
Prof. David. B. Yoffie	Non-Executive Director and Independent Director	None	58	-	-	-
Prof. Pankaj Chandra	Non-Executive Director and Independent Director	None	54	1	1	-
Mr. Ramesh Ramanathan	Non-Executive Director and Independent Director	None	49	-	-	-

* Appointed as an Executive Director w.e.f. October 24, 2012.

** Appointed as an Alternate Director to Mr. S. Janakiraman, w.e.f. October 22, 2012.

Board Meetings

The calendar of Board meetings is decided in consultation with the Board and the schedule of such meetings is communicated to all Directors in advance, to enable them to schedule their effective participation during Board meetings. Your Board met four times in the financial year 2012 -13 on April 16, 2012, July 15, 2012, October 16, 2012 and January 18, 2013.

The attendance of Directors at the Board meetings and last AGM held on July 16, 2012:

Name of the Directors	Attendance at Board meetings/total meetings	Whether attended last AGM (Yes/No/NA)
Mr. Subroto Bagchi	4/4	Yes
Mr. Siddhartha V. G.	4/4	Yes
Mr. Krishnakumar Natarajan	4/4	Yes
Dr. Albert Hieronimus	4/4	Yes
Mr. R. Srinivasan	4/4	Yes
Mr. S. Janakiraman	4/4	Yes
Mr. David. B. Yoffie	4/4	No
Prof. Pankaj Chandra	3/4	Yes
Mr. Ramesh Ramanathan*	3/3	Yes
Mr. Anjan Lahiri**	1/1	NA
Mr.N.S. Parthasarathy***	-	NA

Directors' Shareholding in the Company as on March 31, 2013:

Name of the Directors	No. of equity shares of ₹ 10/- each
Mr. Subroto Bagchi	2,078,585
Mr. Siddhartha V. G.	1,657,000
Mr. Krishnakumar Natarajan	1,985,078
Dr. Albert Hieronimus	30,000
Mr. R. Srinivasan	-
Mr. S. Janakiraman	949,837
Mr. David. B. Yoffie	30,000
Prof. Pankaj Chandra	-
Mr. Ramesh Ramanathan	-
Mr. Anjan Lahiri*	497,941
Mr. N.S. Parthasarathy**	611,921

* Appointed w.e.f. May 2, 2012.

** Appointed as an Executive Director w.e.f. October 24, 2012.

*** Appointed as an Alternate Director to Mr. S. Janakiraman, w.e.f. October 22, 2012.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all companies in which he is a Director. The necessary disclosures regarding Committee compositions have been made by the Directors.

Directors retiring by rotation

Prof. David B. Yoffie, Prof. Pankaj Chandra and Mr. Ramesh Ramanathan will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing fourteenth Annual General Meeting (AGM).

Mr. N.S. Parthasarathy has been appointed as an Alternate Director to Mr. S. Janakiraman, effective from October 22, 2012 and Mr. Anjan Lahiri had been appointed as the Executive Director effective from October 24, 2012.

Their brief resumes are attached to the notice of the AGM. The Board has recommended the same and seeks Shareholders' approval.

Disclosure of Related Party Transactions

During the year 2012-13, 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, 2012 to March 31, 2013:

The Company has no non-compliance with any requirements prescribed by SEBI and other statutory authorities on said matters from the period April 1, 2012 to March 31, 2013.

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 more fully described in the risk management section and these procedures are periodically reviewed by the Board to ensure effective controls.

Information provided to the Board

- 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 Board;
- The information on recruitment and remuneration of senior officers just below the Board 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 programme, 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, 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 the 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

One of our large investors have nominated their representatives to our Board.

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, 2013. 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	355
Dr. Albert Hieronimus	31-Dec-10	35,000	560
Prof. David. B. Yoffie	01-Dec-08	30,000	238
Prof. David. B. Yoffie	31-Dec-10	35,000	560
Mr. R. Srinivasan	31-Dec-10	15,000	560
Prof. Pankaj Chandra	16-Apr-12	10,000	493
Mr. Ramesh Ramanathan	25-May-12	10,000	619

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 shareholding by investors who have nominees on our Board as on March 31, 2013 are given below:

Name of the Shareholder	No. of shares held	% to share capital of the Company
Global Technology Ventures Limited	2,498,561	6.02

Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has issued Secretarial Standards on various important facets of corporate functioning and management. Although these standards are recommendatory in nature, as a measure of good governance, the Company has voluntarily adopted and substantially complied with the ICSI Secretarial Standards on meetings of Board of Directors, general meetings, dividend, registers and returns, minutes, transmission of shares, passing of resolutions by circulation, affixing of common seal and Board's report.

Secretarial Audit

As a measure of good corporate governance and as recommended by the MCA Corporate Governance Voluntary Guidelines, 2009, your Company has voluntarily got a Secretarial Audit done for the financial year 2012-13. The Company has also appointed Shanker 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 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 NSDL and 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.

Details of Remuneration to all Directors during the year 2012-2013

Name	Fixed Salary (Incl Perks)	Commission	Total Compensation
Mr. Subroto Bagchi	7,018,286	8,429,839	15,448,125
Mr. Krishnakumar Natarajan	7,953,103	11,801,775	19,754,878
Mr. S. Janakiraman	7,642,616	3,721,890	11,364,506
Dr. Albert Hieronimus	-	8,249,959	8,249,959
Mr. Anjan Lahiri	3,776,067	2,606,655	6,382,722*
Prof. David. B. Yoffie	-	14,434,510	14,434,510
Mr. R. Srinivasan	-	2,000,000	2,000,000
Prof. Pankaj Chandra	-	2,000,000	2,000,000
Mr. Ramesh Ramanathan	-	1,833,333	1,833,333

* The total compensation paid to Mr. Anjan Lahiri consists of only Managerial Remuneration as an Executive Director for the period October 24, 2012 to March 31, 2013.

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. Nomination & Corporate Governance Committee

Audit Committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

The Audit Committee reports to the Board 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 Board of the Company.

Audit Committee Meeting and Attendance

The Audit Committee has met four times during the year on April 16, 2012, July 15, 2012, October 16, 2012 and January 17 & 18, 2013. Members of Audit Committee and details of the attendance of Directors are given below:

Director	Category	Position	Attendance
Mr. R. Srinivasan	Independent Director	Chairman	4/4
Mr. V.G. Siddhartha	Non-Executive Director	Member	4/4
Dr. Albert Hieronimus	Independent Director	Member	4/4
Mr. Ramesh Ramanathan	Independent Director	Member	3/3

The Company Secretary acts as Secretary of the Committee.

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. S. Janakiraman, Member, Executive Director

Mr. Rajesh Srichand Narang, Vice President - Legal & Company Secretary acts as the Compliance Officer and Secretary to the Committee.

The Investor Grievances Committee met on April 16, 2012 and October 16, 2012. All the Members of the Committee were present in all the meetings.

Details of complaints/requests etc, received and resolved for the year ended March 31, 2013 are as below:

Nature of complaints	Opening	Received	Resolved	Outstanding as at March 31,2013
Non-receipt of refund orders and/or non-credit of shares in dematerialised account, etc.,	-	68	68	-

Compensation / Remuneration Committee

The Compensation Committee is responsible to:

- Assist the Board in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- Approve and make recommendations to the Board in respect of 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/ESPS grant to Senior Executives, needing approval from the Board;
- 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/ESPS; 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:

- Prof. David B. Yoffie, Chairman, Independent Director
- Mr. Siddhartha V.G, Member, Non-Executive Director
- Mr. R. Srinivasan, Member, Independent Director

The Compensation Committee met twice on April 16, 2012 and October 16, 2012 during the year. All the Members of the Committee were present in all the meetings.

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, CEO & MD
- Mr. Subroto Bagchi, Member, Executive Chairman
- Mr. S. Janakiraman, Member, Executive Director
- Mr. V. G. Siddhartha , Member, Non-Executive Director

This Committee meets as and when there is a need to carry out any urgent business transactions, which would need the approval of the Board.

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, CEO & MD
- Dr. Albert Hieronimus, Member, Independent Director
- Prof. David B. Yoffie, Member, Independent Director
- Mr. V. G. Siddhartha, Member, Non-Executive Director

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

Nomination & 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/Independent 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, Independent Director

Mr. V.G. Siddhartha, Member, Non-Executive Director

Mr. Subroto Bagchi, Member, Executive Chairman

The frequency, agenda, duration, etc., are as set by the Chairman of the Committee

Market Price Data

The equity shares of the Company were listed in the Stock Exchanges for FY 2012-13. High, low and number of shares traded during each month during the financial year 2012-2013 on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are as mentioned below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (₹ Lakhs)	High (₹)	Low (₹)	Volume (₹ Lakhs)
April-2012	593.95	483.10	17,685	594.00	485.00	21,429
May-2012	636.95	565.00	4,812	637.00	565.00	18,000
June-2012	667.65	595.40	14,531	666.45	592.25	11,148
July-2012	717.00	611.00	5,501	717.15	602.35	21,430
Aug-2012	708.90	622.00	2,642	708.95	620.25	10,441
Sep-2012	761.95	658.00	3,118	770.00	657.30	13,472
Oct-2012	690.80	635.00	4,584	691.80	633.80	17,960
Nov-2012	723.50	645.10	5,143	723.80	600.00	13,732
Dec-2012	728.15	670.50	2,774	730.00	670.00	8,289
Jan-2013	814.00	683.10	4,555	813.50	687.40	20,196
Feb-2013	873.85	770.00	3,308	873.90	771.00	9,893
Mar-2013	923.40	844.00	1,463	925.00	824.00	10,758

Governance by the Management

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.

Compliance of Insider Trading Norms

The Company has adopted the code of internal procedures and conduct for listed companies notified by the SEBI prohibiting insider trading.

Share Transfer System

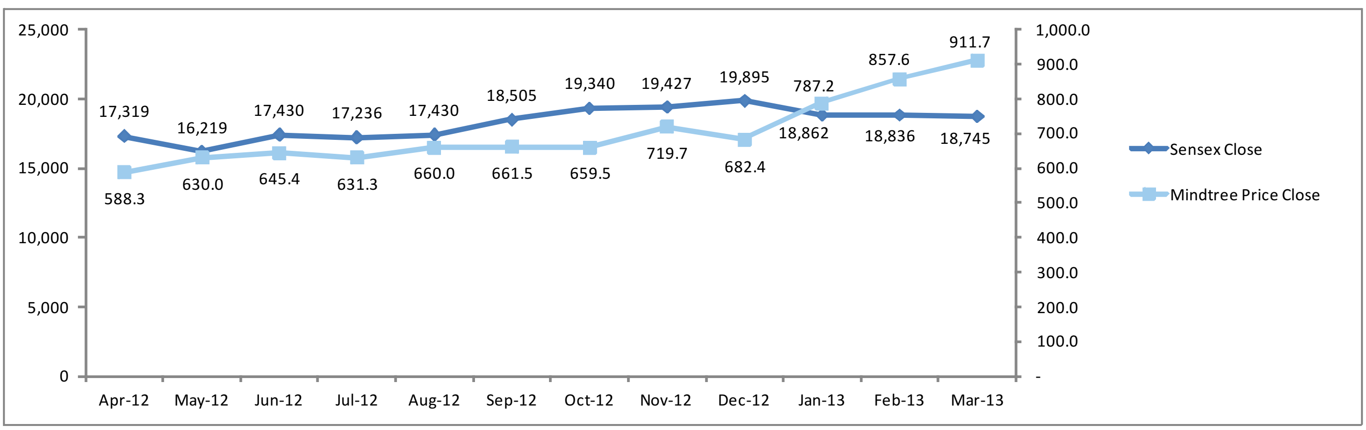
Shares lodged for physical transfer are registered within a period of 15 days, if the documents are clear and complete in all respects. The shares duly transferred would be dispatched to the Shareholders upon approval of transfers. Adequate care is taken to ensure that, no transfers are pending for more than a fortnight. As bulk of the Company's shares are currently traded in dematerialized form, the transfers are processed and approved in the electronic form by NSDL / CDSL through their depository participants. Link Intime India Private Limited is the common Share Transfer Agent for both physical and dematerialised mode.

Auditor's Certificate on Corporate Governance

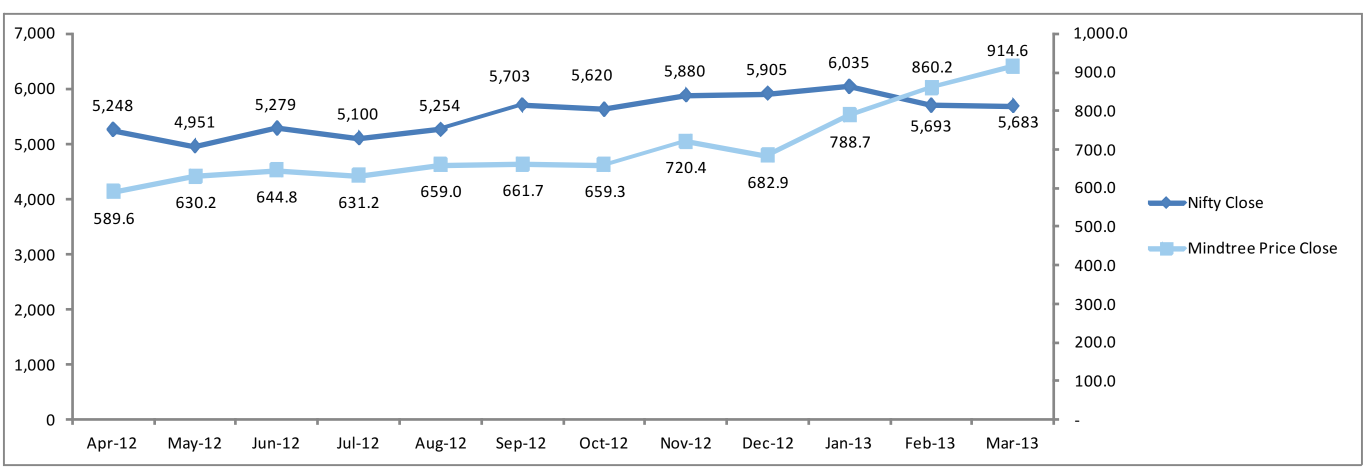
As required by Clause 49 of the Listing Agreement, the Auditor's Certificate is obtained and provided as an annexure to the Corporate Governance Report in the annual report.

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

BSE Sensex & Mindtree Share Price



Nifty & Mindtree Share Price



Annexure

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, 2013, 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 22, 2013

Management discussion and analysis

Management Discussion & 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 & IT Services Industry

Uncertainty pervaded the global economy leading to a slower recovery in 2012 (3.2% growth in world GDP in 2012 compared to 4% in 2011, as per the IMF), with continued strains in Europe and a drag on growth in emerging economies specifically China. Year 2013 is expected to see an improving global economy (3.3% growth), led by a strong US economy, an easing Europe and a stabilizing China. Emerging economies are expected to grow by 5.3%; the US by 1.9% and the euro-area likely to contract by 0.3%. Downside risks include drag on the US growth due to excessive near-term fiscal consolidation and prolonged stagnation in the euro-area, both of which could have negative spillovers on the global economy. On the positive front, there are key economic tailwinds in the US and emerging economies, which offer hope for a promising 2013.Overall, macroeconomic factors indicate a gradual recovery and a cautious positive outlook for2013; primarily fuelled by consumption growth and private sector spending in the US towards the second half of 2013 (and) domestic demand growth in China; marginally offset by fiscal consolidation issues in the US and euro zone setbacks.

Global IT services spending is set to recover, driven by improvements in macro-economic fundamentals. Uncertainties around IT budgets and technology investments are expected to clear out to a large extent in 2013. Gartner research predicts that the worldwide spending on IT services shall accelerate by 4.5% to $918 billion in 2013 compared to 1.5% growth in 2012.

As per NASSCOM, the worldwide IT-BPO outsourcing market is valued at $124-130 billion in 2012. India continues to be the leader in the IT-BPO outsourcing market, with a significant cost-advantage and a 52% market share. The Indian IT industry continues on its growth path, although growth has been a tad slower in FY2013 due to global economic uncertainties. NASSCOM estimates that Indian IT-BPO services exports shall grow by 12-14% to $84-87billion in FY2014, compared to 10% growth in FY2013.

With the market releasing its pent-up demand in 2013, the traditional application development and maintenance services shall dominate in terms of dollar spend; however, emerging service segments such as Infrastructure Management Services, Business Intelligence/Analytics Services and Testing Services shall grow much faster over the next few years.

The future of the IT services industry shall be defined by "Consumerisation of IT", with enterprises focusing on IT as a key differentiator to their businesses and service providers investing in a combination of services, products and platforms to create"transformative" business value for customers. Enterprises are likely to invest significantly in ecosystems built around SMAC technologies (Social media, Mobility, Big Data/Analytics and Cloud services). As these disruptive technology trends increasingly gain mainstream adoption, they are expected to offer a definitive fillip to global IT spending.

Indian IT service providers have been increasingly focusing on:

- Strengthening customer-facing teams and mining focus accounts
- Deepening vertical specialization and building deep domain expertise
- Broadening services portfolio
- Evolving newer business models, building non-linear revenue streams
- Augmenting global delivery models

Financial Performance

Income

Revenue for the year in USD terms grew by 8.2% to USD 435.7 million. In rupee terms, revenue for the year is ₹ 23,618 million signifying a growth of 23.32%.

Fee revenue growth in USD was driven mainly by a volume growth of 6.4%. Price realization improved by 2%.

We analyse our revenue based on various parameters. The factors which are driving our revenue growth (in USD terms) are as follows:

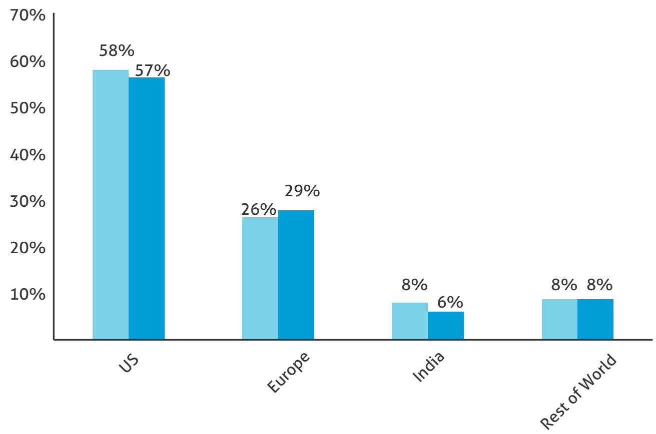
1. Revenue by business: ITS revenue grew by 14.7% in the current year from USD 264 million to USD 303 million.
2. Revenue by geography: Europe revenue grew by 21.6% followed by US revenue which grew by 6%.
3. Revenue by service offering: Our revenue from Infrastructure Management and Tech Support grew by 41.1% year-on-year. This was followed by Development revenue which grew by 24% in the current year.
4. Revenue by vertical: Among the verticals, ITS–Others mainly comprising of Telecom grew 32.2% in the current year followed by Manufacturing and Retail which grew by 15.6% and BFSI which grew by 14.2%.
5. Revenue by mix: Our onsite revenue grew by 21% in the current year as compared to a growth of 1.7% in offshore revenue.
6. Client contribution to revenue: Revenue from our top 10 clients grew by 17% in the current year.

A graphical presentation of revenue analysis based on various parameters is given below.

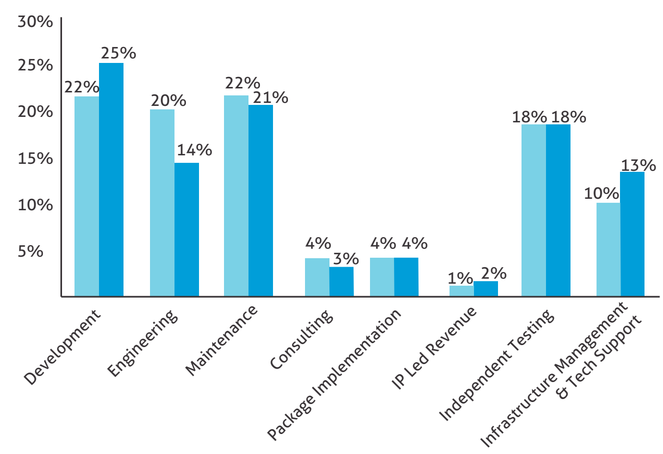
FY 12

FY 13

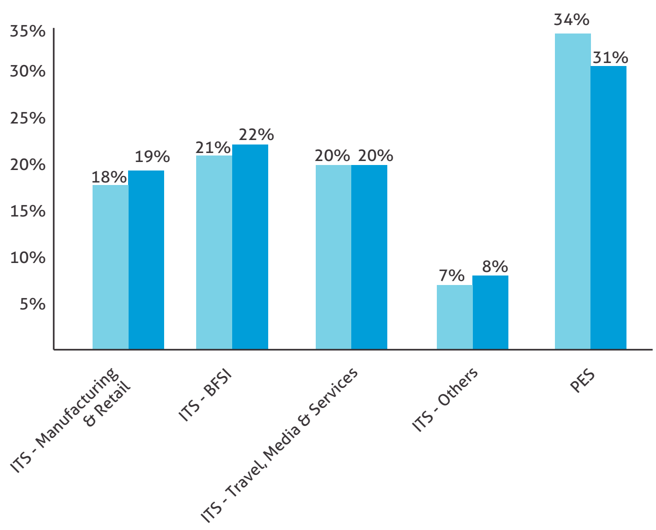
Revenue distribution by geography



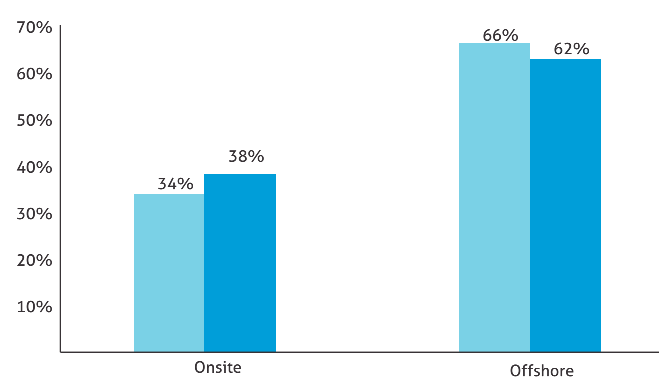
Revenue distribution by service offering



Revenue distribution by industry



Revenue distribution by mix



Our active customers list as at March 31, 2013 stands at 232.

Our $ 20 million clients increased from 4 to 5, $ 10 million clients increased from 7 to 9 and $ 5 million clients increased from 17 to 20.

Other income (excluding foreign exchange gain)

Other income for the year ended March 31, 2013 is ₹ 350 million and has increased by ₹ 162 million over the previous year (₹ 188 million). This is mainly because of higher interest income and investment income during the year.

Foreign exchange loss/gain

Foreign exchange loss for the year ended March 31, 2013 is ₹ 340 million as compared to a gain of ₹ 197 million in the previous year. This is mainly because of the loss posted on our hedges because of rupee depreciation of about 14% during the year.

Profitability and Margins

- EBITDA margins are at 20.58% as compared to 15.3% in the previous year. The main reason for the increase in EBITDA margin is rupee depreciation of about 14% during the year.
- Our effective tax rate has increased from 16.4% in the previous year to 20% in the current year. This is mainly because of 2 SEZ units which have moved from a 100% tax benefit on profits to 50% tax benefit on profits in the current year (net of foreign tax credit of ₹ 97 million in the current year).
- PAT has increased by 55.3% to ₹ 3,393 million mainly because of the reasons explained above.

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.

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.

₹ in million

Consolidated Statement of profit and loss for year ended March 31, 2013	IT Services	PE Services	Total
Revenues	16,408	7,210	23,618
Operating expenses, net	13,214	5,544	18,758
Segmental operating income	**3,194**	**1,666**	**4,860**
Unallocable expenses			960
Profit for the year before interest, other income and tax			**3,900**
Interest expense			(10)
Other income			350
Net profit before taxes			**4,240**
Income taxes			(847)
Net profit after taxes			**3,393**

₹ 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**

Significant changes in Balance Sheet items

- Increase in reserves and surplus of ₹ 3,555 million is due to:
  - Securities premium account increased by ₹ 317 million because of exercise of employee stock options.
  - General reserve increased from ₹ 752 million to ₹ 1,091 million due to transfer to reserve in the current year on account of dividend declaration (as per limits prescribed by the Companies Act).
  - In accordance with AS 30, the exchange gain from derivative instruments which qualify for cash flow hedge accounting is credited to hedge reserve to the extent of ₹ 173 million (previous year – loss of ₹ 250 million).
  - Balance in the statement of profit and loss increased from ₹ 6,760 million to ₹ 9,236 million due to current year profits.
- Short-term borrowings have decreased by ₹ 190 million due to repayment of packing credit loan of USD 4 million (net) during the current year.
- Other current liabilities have decreased by ₹ 290 million mainly because of decrease in derivative liability (₹ 577 million) due to expiry of USD 29.25 million of forward strips and leverage option contracts during the year and due to positive mark to market provision on our hedges as reflected in hedge reserve. This is offset by increase in employee related liability (₹ 187 million), creditors for capital goods (₹ 72 million) and others (₹ 28 million).
- Short-term provisions have increased by ₹388 million due to increase in provision for dividend and dividend tax payable (₹364 million), employee benefits (₹ 44 million), provision for discount (₹ 36 million) and others (₹ 8 million). This is offset by decrease in provision for taxes (₹ 58 million) and others (₹ 6 million).
- Additions to fixed assets during the current year is ₹ 626 million (previous year ₹ 282 million) mainly on account of Computer systems and software and leasehold improvements. Capital work-in-progress is mainly on account of spend on new facilities at Chennai, Bangalore and Bhubaneswar.
- Long-term loans and advances have increased by ₹ 73 million mainly due to advances paid towards electricity charges (₹ 64 million) .
- Our cash generation during the year has been healthy. Our cash and investments (net of short-term borrowings and book over draft) have increased from ₹ 3,145 million as at March 31, 2012 to ₹ 5,149 million as at March 31, 2013.
- The Days Sales Outstanding (DSO) as at March 31, 2013 is 70 days as compared to 73 days at March 31, 2012.
- Other current assets have increased by ₹ 455 million mainly because of increase in unbilled revenue (₹ 158 million), increase in derivative asset (₹ 156 million), increase in prepaid expenses (₹ 61 million) and increase in deposits (₹ 80 million).

Strengths & Opportunities

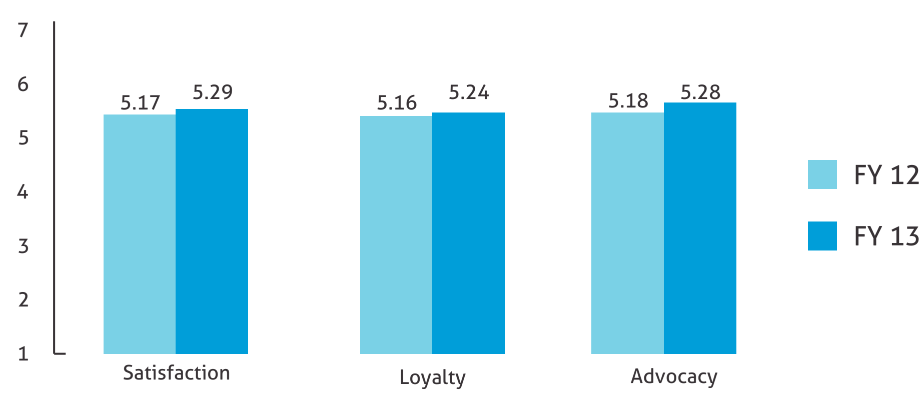
1. Customer-focused Growth Strategies

Our customer-focused "Account Mining" strategy has yielded good results, with our Top 10 customers emerging as our major growth engines. Our Top 10 customers have grown at over 17% in FY13, compared to the company growth of 8% in the same period. We will continue investing in our Account Management teams to extend our farming successes beyond our Top 10 customers.

During FY13, $5M customers increased by 3 to 20; $10 M customers increased by 2 to 9; $20M customers increased by 1 to 5. Over 98% of our revenues in the past several quarters have come from repeat business (existing customers). Revenue per customer has been on the rise, signaling our success in mining focus accounts.

A key component of our ability to scale and grow with our customers is our focus on building global delivery centers to serve our customers. During FY13, we opened two onshore delivery centers; one at Gainesville (Florida, US) and another at Diegem (Belgium).

One of the most promising indicators of our customer-focused growth approach is the fact that our customers have rated us better on all key parameters (satisfaction, loyalty, advocacy) in 2013, as part of our annual customer experience survey. Over 86% of our customers participated in this survey.



Source: Mindtree Annual Customer Experience survey results

Besides, we are recognized among the Top 20 Indian players in IT Services by the National Association of Software and Service Companies (NASSCOM) for 2011-2012. We have also improved our Fortune India 500 ranking to 424 from 445 last year. We are featured on the "ET500 India's Top Companies - 2012" list by the Economic Times magazine, based on our overall revenues in FY2012.

2. Leadership Acumen and Corporate Governance

Our senior management comprises some of the most seasoned global leaders in the industry, from diverse backgrounds, geographies and with different areas of specialization in the IT services industry.

- Our CEO, Mr. Krishnakumar Natarajan was ranked 28th (with an employee approval rating of 90%) amongst the Top 50 CEOs across the globe in 2013, by Glassdoor, a jobs and career community website.
- Our CFO, Mr. Rostow Ravanan was named amongst the Top 100 CFOs in India by the CFO magazine for 2013 under the category of "Winning Edge in Strategy". This is the third year in succession that Mr. Rostow Ravanan has made it to the coveted CFO100 list.
- Our Chief People Officer, Mr. Ravi Shankar was recognized among the "40 Most Talented HR Leaders in India – 2012", by the World HRD Congress and ET Now.
- Our Chief Information Officer, Mr. Sudhir Kumar Reddy was honored by the CIO magazine as a "Super League Honoree" as part of the CIO100 awards in 2012.

We continue to have an unrelenting focus on our corporate governance standards. We won the award for "Best Corporate Governance India 2013" (second consecutive year), instituted by the World Finance magazine. World Finance assessment criteria included governance structure, board composition and transparency. In the assessment, Mindtree scored particularly high in the areas of investor relations quality, client appraisals, commitment to social responsibility and future growth predictions. According to the World Finance magazine, "Mindtree consistently lives its commitment to values, ethical business conduct and makes a distinction between personal and corporate funds in the management of the Company. Mindtree continues to provide a corporate governance model for its peer companies to emulate" Asiamoney Corporate Governance Poll 2012 ranked us top in the category of "Best for Investor Relations in India" and also ranked us second in India (up from third in 2011) for overall Corporate Governance, Best for Disclosure and Transparency, Best for Shareholders' Rights and Equitable Treatment, Best for Responsibilities of Management and the Board of Directors.

3. Domain Expertise

Our "back-to-basics" approach is premised on building deep domain specialization in chosen verticals and augmenting our service offerings to provide end-to-end solution for our customers. In our journey towards an "expertise" led organization, we have quite a number of success stories.

- We developed a lean inventory management solution for a leading automobile player in the Indian market, which helped bring down excess inventory from 4000 cars to 360 cars in a span of 4 months.
- We engineered a solution to improve underwriting practice efficiency for one of the largest property-casualty insurance companies in the US; this solution improved accuracy of reporting to regulatory & rating agencies; reduced non-compliance to less than 2%; saved $60 million+ in 5 years in reinsurance costs through better risk management and $20 million+ of additional revenues in 3 years through better pricing options.
- We enabled a global leader in car rentals to earn 45+% of their revenues through e-commerce channel from < 2% in 2000-01. We engineered this third generation e-commerce platform with social media integration, personalization and loyalty management facilities. We also significantly reduced cost per booking by replacing call-center assisted booking with online self-services.
- We are the primary solution development partner for the Government of India in building "Aadhaar", the soon-to-be largest biometric identity system in the world. We have built a high performance solution using open source technologies; this solution can handle 1 million+ enrolments per day.
- We designed field sales management mobile solution for a global CPG Company. This solution is being actively used by 800+ sales personnel for field sales planning, execution, analysis and reporting. We engineered a tablet-based mobile app for field sales personnel providing real-time market, product and store level details.
- We redesigned the trade processing system for one of the biggest global fund management companies; this led to 20X improvement in trade-flow throughput for the customer, achieving almost real-time trade processing.
- We are collaborating with one of the world's leading specialists in air transport communications and IT solutions in conceptualizing and building an industry-first solution that warns airlines and ground handlers of potential baggage mishandlings and offers advice to mitigate the risks of mishandling. This solution is expected to reduce annual costs on mishandled baggage by atleast 25% and save about $645 million per year for the airline industry.
- We collaborated with one of the largest insurance companies in the US, in incorporating "lean" principles into our ADM/AMS/Testing services; this has led to overall cost-benefits of $1.5 million for the customer in just about a year.
- We are Ranked among the top five global R&D service providers in the "Global R&D Service Providers (GSPR) Rating 2012" by Zinnov Consulting.
- We are featured on the Asian Most Admired Knowledge Enterprise (MAKE) "Hall of Fame" in 2012, in recognition of being among the Asian MAKE award finalists consistently over the past five years. On similar lines, we are featured on the Global Most Admired Knowledge Enterprise (MAKE) "Hall of Fame" in 2012. We are among the Indian MAKE award 2012 winners, instituted by Teleos in association with The KNOW Network.
- We won the 2012 NASSCOM IT user award in "Social Media Adoption in an Enterprise" category for our intranet application, PeopleHub.

4. Our Minds

One of our biggest strengths is our people, we call ourselves Mindtree Minds. We consistently strive to ensure that we offer the best workplace for our minds. This is ascertained by the various industry accolades and awards we have won in this regard. We are:

- Featured on "India's Best Companies to Work For – 2012", by the Great Place to Work Institute.
- Awarded the bronze medal in the "Best Blended Learning Program" category as part of the TISS-LeapVault CLO (Chief Learning Officers)awards instituted by Tata Institute of Social Sciences and LeapVault in 2012, in recognition of our learning and development practices.

2012 was a special year for us as we opened our first major US development center in Gainesville (Florida), with the intent of creating at least 400 jobs in the Gainesville region over the next five years and locating closer to our customers in the US. We now have access to the top-notch talent pool from the University of Florida and other premier varsities in the US. We already have over 70 minds working in our Gainesville development center.

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

Threats, Risks & Concerns

Uncertain economic environment in leading economies like the United States (US) and Europe can impact demand for IT services: The overall business environment remains a little uncertain given the macro economic issues in the US and Europe, while the business sentiment in the US seems to be looking up, this still needs to be supported by increased demand for IT services. The economic outlook for Europe continues to look grim with more countries like Spain, Italy having stretched finances. Industry body NASSCOM has predicted growth of 12-14% in FY13-14 for the Indian IT services Industry. 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 57% of our revenues from US, any restrictions on outsourcing services and Visa's for highly skilled workers by US government will negatively impact 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.

The proposed Senate Immigration reform bill if passed as law in its current form, will impact our business significantly. Some of the key provisions in the bill which would severely restrict our ability to perform our services onsite in the United States are

a) A company having more than 15% of its workforce with H1B visa will be restricted from placing their H1B workers at offices of their clients. All Indian IT services companies place their employees with H1B visas to work at the customer premises as this is a critical element to ensure the Global Delivery model adopted by the IT services companies to be effective

b) The bill requires companies wanting to use an H-1B visa to advertise for 30 days for a US worker and then attest under threat of legal penalty that no "equally qualified" American could be found to do the work. Under the bill, the Department of Labor would be able to determine whether the person the company hires meets the "equally qualified" standard. The bill also provides that up to two years after the fact, an employer could be punished if some official at Department of Labor decided it made the wrong hires.

c) The immigration reform bill seeking to prevent undercutting American salaries, would require H-1B workers be paid more than under current law, and impose steep fees of $10,000 per visa on companies with more than half of their staff on H-1B visas

d) The proposed legislation suggests that from 2016 any company with more than half of its staff on such work permits will be forbidden from applying for more visas, effectively creating a cap on temporary immigrant staff.

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 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: The focus will be on fewer domains and take a lead in many of them. We have two growth engines to address the market – IT Services and Product Engineering Services (PES). The significant service lines which will help ITS and PES drive higher growth are Analytics and Information management, Digital business , Infrastructure Management services, Testing and emerging areas of Cloud, Mobility and Big data. 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 and have established dedicated development centers at Gainesville (Florida, US) and another at Diegem (Belgium). 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.

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 steps to enhance protection at all our centers.

Compliance to laws, regulations and statutes across the globe: Adherence to laws, regulations and local statutes across the globe is a challenge to any IT Company today. Every country has its own law with respect to immigration, travel, visa, social security, etc which needs a detailed assessment and compliance. There is a risk of non – compliance in all new geographies where we enter. We have consultants across the globe, who support us in adhering to country specific compliances.

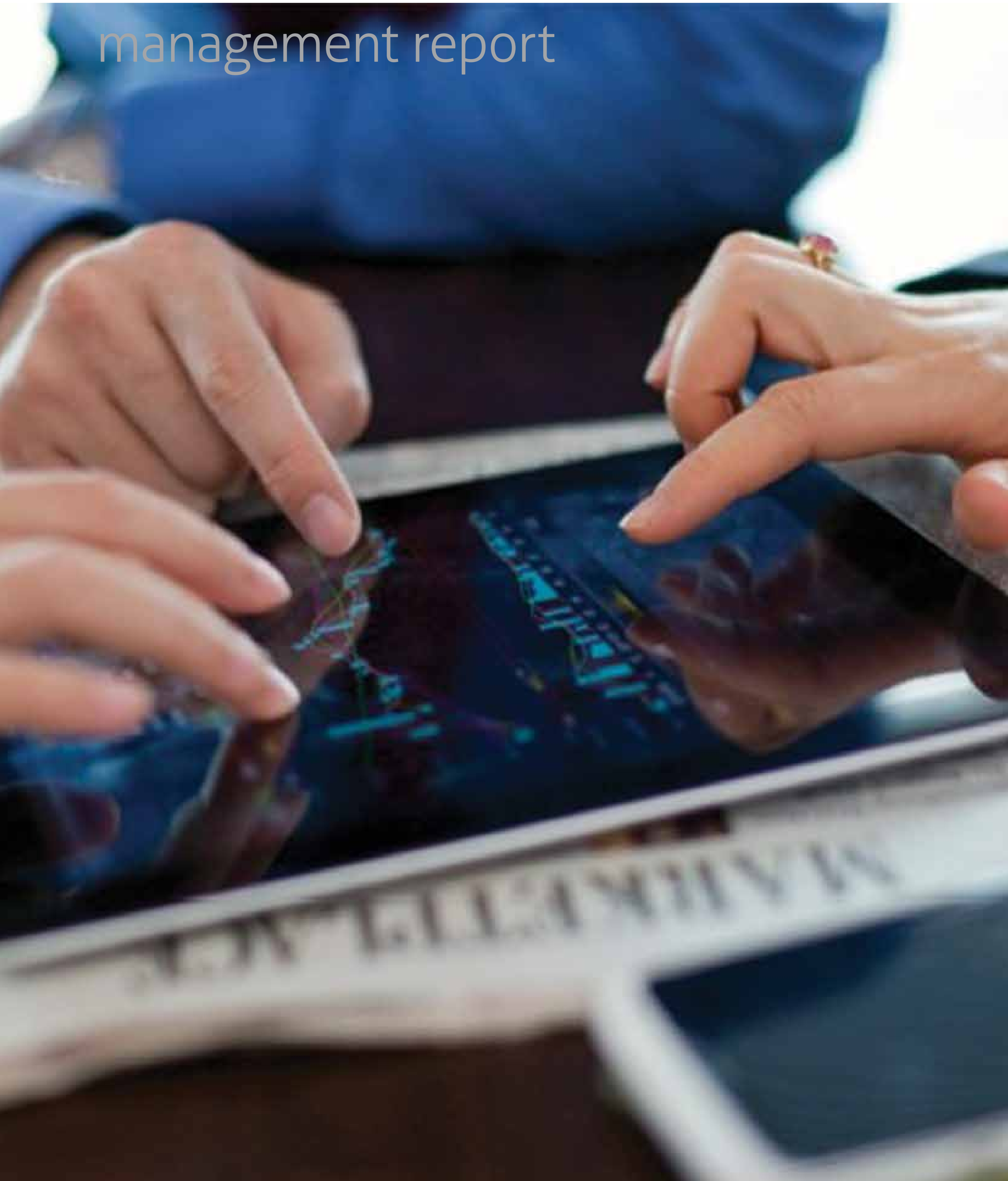
Our Strategy

Our execution continues to be guided by the following four strategy pillars, enabling us to grow faster and generate higher returns to our stakeholders.

Outlook

Our IT services business is on a positive momentum, having grown at more than 25% CAGR between FY11 and FY13. Our Product Engineering Services business has bottomed out and is expected to see positive growth going forward. Mindtree is confident of delivering broad-based growth in FY14, higher than in FY13.

Enterprise risk management report



Enterprise Risk Management Report

Mindtree has put in place an Enterprise Risk Management (ERM) program in the current year. The ERM framework has been designed by looking at frameworks of COSO, ISO 31000: 2009 and AS/NZS 4360:2004 and picking up the best of the elements of these frameworks.

ERM in Mindtree involves looking at practices around identification, assessment, mitigation and monitoring of risks which will impact the achievement of key business objectives.

Mindtree ERM approach is such that risk awareness gets embedded as part of every business leader and is part of every critical business process so that the organization is evaluating and mitigating risks continuously as part of its normal process.

ERM approach in Mindtree

In Mindtree we look at all our risks across the six broad areas of Strategic Risks, Environment & market risks, Contractual & Counter Party risks, Financial Performance risks, Operational Risks and Compliance and Internal Control risks. Operational risks include Climate change and sustainability related risk assessments as well.

Strategic Risks: Are identified as part of the strategy discussions. The company and business unit strategies are looked at and strategic risks identified and then understand what portions of these risks are manageable and controllable. The mitigation strategies for these risks will need to be tested for effectiveness. Strategic risks are also looked at from an opportunity perspective where, the identified risks can be either exploited in favor of the company or benefits arising can be shared with the customer or partner, Invest additionally to better exploit the risk.

Market/ Environment Risks: Identifying potential risks early and alerting business units through industry and peer monitoring. The Slowdown in US and Europe is one of the biggest risks to mid-sized IT companies the specific strategies adopted to ensure growth continues helps partly address this risk.

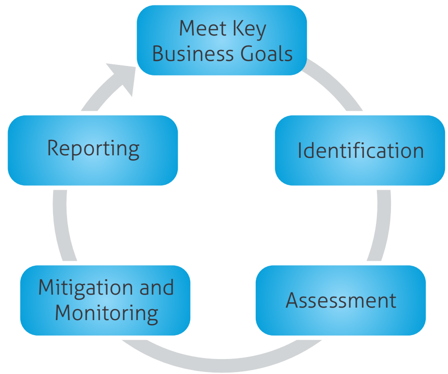
Contractual and Counterparty Risks: Evaluating and reviewing the Master Services Agreement (MSA) of our top 30 customers across Mindtree is being carried out to identify the critical risks. The critical risks so identified are discussed with the account and delivery managers. Adequate preventive controls are taken to avoid or mitigate these risks identified. We have also put in a process to ensure adequate reviews happen to address critical risks in the Statement of Works (SOW) we agree with our customers.

Operational Risks: Critical support functions such as Travel, Immigration, Information Systems, Talent Acquisition, Facilities and Administration are being assessed to identify the top risks which could have an impact on the organization. Operational metrics are being built around the risks for reporting on a periodic basis and to keep a tab on the risks identified. Operational risks also include evaluation of risks related to climate change and sustainability.

Financial Performance Risks: Identifying gaps/risks in business units plans to achieve their financial performance targets of Revenue and Profit goals for the business unit and the company as a whole. We also assess credit risks arising out of new customer acquisitions. A new credit score card is put in place to evaluate the credit worthiness of the customer. Any new prospect is evaluated for credit risk before we eventually decide to work with the prospect.

Compliance and Internal Controls: Working with functions like Legal, Immigration , admin and have a dash board of status on compliance and key risks in meeting the compliance needs and working with Internal audit to verify/ascertain compliance levels in key risk areas.

Risk Management Process



Key practices in ERM

Risk Identification: Risk identification is the process of determining risks that could potentially prevent the program, enterprise, or function from achieving its objectives. We use a combination of looking at the business plan, identified strategic initiatives and function specific initiatives to identify potential risks. Internal audits and periodic assessment of various business processes also help in risk identification of both operational and enterprise wide risks.

Risk Assessment: Having understood the risks the next step in the risk assessment process is to evaluate the risks identified and impact it would have on the organization. Business process and the risk environment are evaluated to assess the significant risks which can impact the achievement of the business goals. Operational risks are assessed for effectiveness of the process, strength of the underlying controls and compliance to applicable laws and regulations. Critical risks are evaluated based on probability of occurrence, business impact and velocity of the impact.

Risk Mitigation and Monitoring: Mitigation plans for the identified risks are drawn up based on the type of risks. Risk mitigation can be classified into the following buckets

- Treat – Treat the risk by taking adequate mitigation plans and coming up with adequate control mechanisms. Wherein the reward is higher than the risk.
- Transfer – Transferring the risks arising out of the activity to a third party. Mitigation of the risk by a third party vendor/insurer/outsourcer/ specialists, who will accept the risk in a cost effective manner.
- Tolerate – Is the right balance between the risk and reward. If the risks undertaken by Mindtree are within the tolerable limits set by the company.
- Terminate – The activity, project, proposal, etc. is too risky and hence not worth pursuing.

Owners are identified for the mitigation plans and progress on the mitigation plans is reviewed. Dashboards, heat maps and trend lines are created which will provide visibility to key stakeholders on the status of the identified critical risks.

Risk Reporting

Risk to achieving key business goals, Impact and mitigation plans are reported and discussed in business reviews. Key internal and external incidents with potential impact are reported and reviewed at appropriate forums like the Security Council. Risks related to Customer project execution and customer level risks are reviewed and discussed at appropriate forums.

Governance Model

We have created an ERM framework and listed down key areas. We have monthly reviews with the CEO and CFO to evaluate progress made on the framework and identified focus areas.

There are plans to enhance the governance structure by having a larger team comprising the CEO, CFO, COO and CRO look at critical risks of the company and review identified mitigation plans. As the ERM function starts maturing we will look to enhance the size of this team even further by getting the business unit heads involved in these reviews and eventually have this reviewed at the board level.

Looking Ahead

Looking ahead we would like to achieve the following key objectives in the next few years as we start rolling out Enterprise Risk Management in Mindtree

- Create a Risk Register/ Inventory of critical risks impacting the company and mitigation plans to address them.
- Integrate our risk management process to strategic planning so that we take advantage of opportunities identified as part of the strategic risk assessment and also effectively mitigate potential risks identified.
- Evolve a model which will give us a sense of risk score of our key customers addressing key customer metrics of Credit risk, Revenue Risk, Operational Risks, Delivery Risk and Competitive risks.
- Develop the ability to visualize various scenarios of critical risks either operational risks or business risks and have a mitigation plan or approach to dealing with such risks.
- Create a framework where all critical risks in the company to the extent possible can be quantified and hence will help us have a sense of the value of the risks we are carrying at any given point in time.

Standalone financial statements

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 comprise the balance sheet as at March 31, 2013, the statement of profit and loss and the 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, 2013;

(b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows 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 Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
   - (v) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 22, 2013

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, 2013.

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, Employees State Insurance, Income tax, Sales tax, Service tax, Customs duty, 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 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, Employees State Insurance, Income tax, Sales tax, Service tax, Customs duty, Cess and other material statutory dues were in arrears as at March 31, 2013 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 (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest	78.9*	Assessment year 2002-03	Assessing Officer**
Income Tax Act, 1961	Tax and interest	46.7*	Assessment year 2003-04	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	60.8	Assessment year 2004-05	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	28.4	Assessment year 2005-06	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	57.67	Assessment year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	118.62	Assessment year 2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	11.16	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	10.10	Assessment year 2008-09	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	34.60*	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	23.56	Assessment year 2009-10	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	1.63	Assessment year 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	214.20	Assessment year 2008-09	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Tax and interest	65.01	Assessment year 2009-10	Dispute Resolution Panel*****

Name of the statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service tax	151.20	July 2003 to June 2007	Customs, Excise and Service Tax Appellate Tribunal, Pune
The Finance Act, 1994	Service tax	66.94	July 2007 to March 2008	Customs, Excise and Service Tax Appellate Tribunal, Pune
The Finance Act, 1994	Service tax and interest	11.29	July 2005 to March 2007	Customs, Excise and Service Tax Appellate Tribunal, Bangalore***
The Finance Act, 1994	Service tax and interest	24.27	July 2003 to March 2006	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	3.11*	April 2007 to March 2008	Customs, Excise and Service Tax Appellate Tribunal, Bangalore ****
The Finance Act, 1994	Tax, interest and penalty	22.68	Sept 2004 to March 2007	Customs, Excise and Service Tax Appellate Tribunal, Bangalore****
Karnataka Sales Tax Act, 1957	Tax and penalty	0.28*	Upto July 2004	Assistant Commissioner of Commercial taxes (Recovery), Bangalore
Andhra Pradesh, Value Added Tax Act 2005	Tax and penalty	1.36*	Assessment year 2007-08 and 2008-09	Commissioner (Appeals) ,Hyderabad

* The above amounts are net of amount paid under protest.

** The appeal filed with the High Court has been dismissed and currently pending with the Assessing Officer as per ITAT order dated 12 July 2007.

*** Stay granted by Customs, Excise and Service Tax Appellate Tribunal, Bangalore vide original order dated 6 January 2012 and further order received dated 21 February 2013.

**** Stay granted by Customs, Excise and Service Tax Appellate Tribunal, Bangalore vide order dated 27 September 2012.

***** Appeal pending to be filed with the Dispute Resolution Panel.

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 22, 2013

Balance Sheet

₹ in million

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	415	405
Reserves and surplus	3.1.2	12,722	9,171
		13,137	**9,576**
Non-current liabilities			
Long-term borrowings	3.2.1	32	37
Other long-term liabilities	3.2.2	57	46
		89	**83**
Current liabilities			
Short-term borrowings	3.3.1	217	407
Trade payables		189	107
Other current liabilities	3.3.2	2,166	2,455
Short-term provisions	3.3.3	1,112	724
		3,684	**3,693**
		16,910	**13,352**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,561	2,548
Intangible assets	3.4.1	28	43
Capital work-in-progress		571	85
Non-current investments	3.4.2	244	30
Deferred tax assets (net)	3.4.3	360	320
Long-term loans and advances	3.4.4	617	544
Other non-current assets	3.4.5	1,046	1,028
		5,427	**4,598**
Current assets			
Current investments	3.5.1	4,027	3,075
Trade receivables	3.5.2	4,508	4,078
Cash and bank balances	3.5.3	1,238	585
Short-term loans and advances	3.5.4	430	191
Other current assets	3.5.5	1,280	825
		11,483	**8,754**
		16,910	**13,352**

Significant accounting policies and notes to the accounts — 2&3

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

As per our report of even date attached

For **Mindtree Limited**

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

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date : April 22, 2013

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 22, 2013

Statement of profit and loss

₹ in million

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operations		23,618	19,152
Other income	3.6	350	384
Total revenues		**23,968**	**19,536**
Expense:			
Employee benefits expense	3.7	14,274	12,261
Finance costs	3.7	10	5
Depreciation and amortisation expense	3.4.1	624	695
Other expenses	3.7	4,824	3,958
Total expenses		**19,732**	**16,919**
Profit before tax		**4,236**	**2,617**
Tax expense:	3.4.3		
Current tax		887	534
Deferred tax		(40)	(104)
Profit for the year		**3,389**	**2,187**
Earnings per equity share	3.17		
Equity shares of par value ₹ 10/- each			
Basic		82.70	54.27
Diluted		81.66	54.18
Weighted average number of equity shares used in computing earnings per share			
Basic		40,974,712	40,295,202
Diluted		41,496,296	40,363,159

Significant accounting policies and notes to the accounts 2&3

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

As per our report of even date attached

For **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 22, 2013

Place: Bangalore
Date : April 22, 2013

Cash flow statement

₹ in million

	For the year ended March 31, 2013	2012
Cash flow from operating activities		
Profit before tax	4,236	2,617
Adjustments for :		
Depreciation and amortisation	624	695
Amortisation of stock compensation cost	2	-
Interest expense	10	5
Interest/ dividend income	(192)	(118)
Profit on sale of fixed assets	(6)	(1)
Profit on sale of investments	(133)	(27)
Provision for diminution in the value of investments	1	1
Loss on dissolution of subsidiary	3	-
Exchange difference on derivatives	(308)	(10)
Effect of exchange differences on translation of foreign currency borrowings	28	(3)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(30)	(18)
Operating profit before working capital changes	4,235	3,141
Changes in trade receivables	(430)	(1,252)
Changes in loans and advances and other assets	(564)	20
Changes in liabilities and provisions	391	721
Net cash provided by operating activities before taxes	3,632	2,630
Income taxes paid	(969)	(564)
Net cash provided by operating activities	**2,663**	**2,066**
Cash flow from investing activities		
Purchase of fixed assets	(1,066)	(484)
Proceeds from sale of fixed assets	9	2
Investment in subsidiary	(14)	-
Proceeds on dissolution of subsidiary	18	-
Interest/ dividend received from investments	179	119
Purchase of investments	(11,257)	(8,790)
Sale/ maturities of investments	10,216	6,846
Net cash used in investing activities	**(1,915)**	**(2,307)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	322	144
Interest paid on loans	(11)	(5)
Repayment of borrowings	(941)	(5)
Proceeds from loans	719	410
Dividends paid (including distribution tax)	(214)	(176)
Net cash (used in)/ provided by financing activities	**(125)**	**368**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30	18
Net increase in cash and cash equivalents	**653**	**145**
Cash and cash equivalents at the beginning of the year	585	440
Cash and cash equivalents at the end of the year (Refer note 3.5.3)	**1,238**	**585**

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

As per our report of even date 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 22, 2013

Place: Bangalore
Date : April 22, 2013

Significant accounting policies and notes to the accounts for the year ended March 31, 2013

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, Malaysia, 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'), the relevant provisions of the Companies Act, 1956, (the 'Act') and the guidelines issued by Securities and Exchange Board of India ('SEBI') 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 ₹ 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 comprises cash in hand and balance in bank in current accounts and deposit accounts.

2.6 Cash flow statement

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

2.7 Employee benefits

2.7.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by ICICI Prudential Life Insurance Company, SBI Life Insurance Company and Life Insurance Corporation of India. Actuarial gains and losses are charged to the statement of profit and loss.

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

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

2.8 Revenue recognition

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

Maintenance revenue is 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. Revenues are stated net of discount.

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

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

2.9 Foreign exchange transactions

2.9.1 The Company is exposed to foreign currency transactions including foreign currency revenues 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 the Company has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/ (gain) is debited/ credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/ (gain) is debited/ credited to statement of profit and loss.

2.10 Warranties

Warranty costs (i.e. post contract support services) are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the 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 a convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. MAT credit entitlement can be carried forward and utilized for a period of ten years from the period in which such credit is availed.

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

2.13 Earnings per share

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

The Company measures the compensation cost relating to employee stock options/ restricted shares using the intrinsic value method. The compensation cost is amortized over the vesting/ service period.

2.16 Government grants

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

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received.

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

3. Notes to the accounts

3.1 Shareholders' funds

3.1.1 Share capital

₹ in million

a)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
79,620,000 (March 31, 2012: 79,620,000) equity shares of ₹ 10/- each	796	796
Issued, subscribed and paid-up capital		
41,535,055 (March 31, 2012: 40,543,923) equity shares of ₹ 10/- each fully paid	415	405
Total	415	405

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, 2013		As at March 31, 2012	
	No. of shares	₹ in million	No. of shares	₹ in million
Number of shares outstanding at the beginning of the year	40,543,923	405	40,035,187	400
Add: Shares issued on exercise of employee stock options	991,132	10	508,736	5
Number of shares outstanding at the end of the year	41,535,055	415	40,543,923	405

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

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

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

The Board of Directors, at its meeting held on October 16, 2012 declared an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10/- each). Further, the Board of Directors declared a second interim dividend of 40% (₹ 4 per equity share of par value ₹ 10/- each) and proposed a final dividend of 50% (₹ 5 per equity share of par value ₹ 10/- each) for the year ended March 31, 2013. The total dividend appropriation for the year ended March 31, 2013 amounted to ₹ 578 million, including corporate dividend tax of ₹ 81 million.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 4. The dividend for the year ended March 31, 2012 includes ₹ 1.50 per share of final dividend, ₹ 1.50 per share of interim dividend and a special dividend of ₹ 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. The total dividend appropriation for the year ended March 31, 2012 amounted to ₹ 188 million, including corporate dividend tax of ₹ 26 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:

Sr. No.	Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
		No. of shares	%	No. of shares	%
1	Coffee Day Resorts Private Limited	4,565,442	11.0	4,565,442	11.3
2	Walden Software Investment Limited	-	-	3,964,205	9.8
3	Nalanda India Fund Limited	3,949,089	9.5	3,949,089	9.7
4	Global Technology Ventures Limited	2,498,561	6.0	2,648,561	6.5
5	Subroto Bagchi	2,078,585	5.0	2,078,435	5.1

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. Number of equity shares allotted as fully paid up without payment being received in cash is 1,300,965 during the period of five years immediately preceding March 31, 2013 and March 31, 2012. These shares were allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation for the financial year ended March 31, 2010.

f) **Employee stock based compensation**

The Company instituted the Employees Stock Option Plan ('ESOP') in fiscal 2000, which was approved by the Board of Directors ('Board'). Under the ESOP, the Company currently administers seven stock option programs. Further, the Company has instituted Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012') during the current year.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of ₹ 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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	4,000	4,088
Granted during the year	-	-
Exercised during the year	500	88
Lapsed during the year	3,500	-
Forfeited during the year	-	-
Outstanding options, end of the year	-	**4,000**
Options vested and exercisable, end of the year	-	4,000

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of ₹ 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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	79,367	126,763
Granted during the year	-	-
Exercised during the year	25,837	40,124
Lapsed during the year	5,612	7,272
Forfeited during the year	-	-
Outstanding options, end of the year	**47,918**	**79,367**
Options vested and exercisable, end of the year	47,918	79,367

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of ₹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 ₹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,	
	2013	2012
Outstanding options, beginning of the year	-	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, end of the year	-	-
Options vested and exercisable, end of the year	-	-

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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	1,349,038	2,308,946
Granted during the year	-	110,000
Exercised during the year	905,860	408,995
Lapsed during the year	97,528	486,768
Forfeited during the year	41,000	174,145
Outstanding options, end of the year	**304,650**	**1,349,038**
Options vested and exercisable, end of the year	115,225	1,013,388

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 ₹ 10 each.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	124,803	150,218
Granted during the year	-	-
Exercised during the year	14,437	938
Lapsed during the year	2,118	24,477
Forfeited during the year	-	-
Outstanding options, end of the year	**108,248**	**124,803**
Options vested and exercisable, end of the year	108,248	124,803

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 ₹ 10 each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	151,667	165,000
Granted during the year	20,000	-
Exercised during the year	36,667	13,333
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options, end of the year	**135,000**	**151,667**
Options vested and exercisable, end of the year	76,667	75,001

Program 7 [(ESOP 2010 A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received by the Company from the BSE and NSE for 1,135,000 equity shares of ₹ 10 each. No options have been granted under the program as at March 31, 2013.

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

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

Particulars	Year ended March 31,	
	2013	2012
Outstanding shares, beginning of the year	-	-
Granted during the year	7,831	-
Exercised during the year	7,831	-
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding shares, end of the year	-	-
Shares vested and exercisable, end of the year	-	-

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

Amount in ₹

Particulars	Year ended March 31,	
	2013	2012
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	-	250.00
Program 4	336.84	308.77
Program 5	404.63	161.56
DSOP 2006	259.27	355.00
ERSP 2012	10.00	-

The following tables summarise information about the options outstanding under various programs as at March 31, 2013 and March 31, 2012 respectively:

Particulars	As at March 31, 2013		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in ₹)
Program 1	-	-	-
Program 2	47,918	2.00	50.00
Program 3	-	-	-
Program 4	304,650	2.62	491.45
Program 5	108,248	3.21	392.82
DSOP 2006	135,000	1.95	559.41

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 ₹)
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

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:

₹ in million except EPS data

Particulars	Year ended March 31,	
	2013	2012
Net profit as reported	3,389	2,187
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	74	78
Pro forma net profit	3,315	2,109
Basic earnings per share as reported	82.70	54.27
Pro forma basic earnings per share	80.89	52.34
Diluted earnings per share as reported	81.66	54.18
Pro forma diluted earnings per share	79.87	52.25

During year ended March 31, 2013, 20,000 options were granted by the Company under DSOP 2006.

The weighted average fair value of each option of Mindtree, granted during year ended March 31, 2013 was ₹ 393.56 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	₹ 556
Weighted average exercise price	₹ 556
Dividend yield %	0.18%
Expected life	3 – 5 years
Risk free interest rate	8.11%
Volatility	101.5%

3.1.2 Reserves and surplus

₹ in million

Particulars	As at March 31,	
	2013	2012
Capital reserve		
Opening balance	87	87
Additions during the year	-	-
	87	**87**
Securities premium reserve		
Opening balance	1,808	1,669
Additions during the year on exercise of employee stock options	317	139
	2,125	**1,808**
General reserve		
Opening balance	752	533
Add: Transfer from statement of profit and loss	339	219
	1,091	**752**
Share option outstanding account		
Opening balance	48	48
Additions during the year	-	-
	48	**48**
Hedge reserve		
Opening balance	(250)	81
Additions during the year	423	(331)
	173	**(250)**
Surplus (Balance in the statement of profit and loss)		
Opening balance	6,726	4,946
Add: Amount transferred from statement of profit and loss	3,389	2,187
Amount available for appropriations	10,115	7,133
Appropriations:		
Interim dividend	(289)	(101)
Final dividend	(208)	(61)
Dividend distribution tax	(81)	(26)
Amount transferred to general reserve	(339)	(219)
	9,198	**6,726**
Total	**12,722**	**9,171**

3.2 Non-current liabilities

3.2.1 Long-term borrowings

₹ in million

Particulars	As at March 31, 2013	2012
(Unsecured)		
Other loans and advances	32	37
Total	**32**	**37**

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.

3.2.2 Other long-term liabilities

₹ in million

Particulars	As at March 31, 2013	2012
Interest accrued but not due on borrowings	-	1
Other long-term liabilities	57	45
Total	**57**	**46**

3.3 Current liabilities

3.3.1 Short-term borrowings

₹ in million

Particulars	As at March 31, 2013	2012
(Secured)		
Other loans from banks	217	407
Total	**217**	**407**

During the year, the Company has repaid packing credit loans of USD 8 million and availed additional packing credit loan of USD 4 million. These packing credit loans are secured against the trade receivables of the Company. As at March 31, 2013, the Company has outstanding packing credit loan of USD 4 million (As at March 31, 2012: USD 8 million). The Company has taken forward exchange contracts 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.

Details of interest rate and repayment terms in respect of above packing credit loan are as below:

Name of the bank	As at March 31, 2013			As at March 31, 2012		
	₹ in million	Rate of interest	Date of repayment	₹ in million	Rate of interest	Date of repayment
HSBC	-	-	-	254	2.00%	25-May-12
HSBC	-	-	-	153	2.39%	31-Aug-12
HSBC	217	1.98%	29-May-13	-	-	-
Total	**217**			**407**		

3.3.2 Other current liabilities

₹ in million

Particulars	As at March 31, 2013	2012
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	2	2
Unearned income	36	19
Unpaid dividends	3	3
Creditors for capital goods	105	33
Advances from customers	42	69
Employee related liabilities	1,023	836
Book overdraft	136	125
Other liabilities**	814	1,363
Total	**2,166**	**2,455**

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

**Includes derivative liability of ₹ 13 million (As at March 31, 2012: ₹ 590 million).

As at March 31, 2013, the Company has outstanding forward contracts amounting to USD 112.75 million (As at March 31, 2012: USD 112.5 million) and Euro 11 million (As at March 31, 2012: Euro 9 million) forward strips and leverage option contracts amounting to NIL (As at March 31, 2012: USD 29.25 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain has been credited 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 ₹ 308 million for the year ended March 31, 2013 (year ended March 31, 2012: gain of ₹ 10 million) has been recorded in the statement of profit and loss.

3.3.3 Short-term provisions

₹ in million

Particulars	As at March 31,	
	2013	2012
Provision for employee benefits		
- Gratuity	11	1
- Compensated absences	262	228
Provision for taxes	199	257
Provision for discount	145	109
Dividend payable	374	61
Dividend distribution tax payable	61	10
Provision for foreseeable losses on contracts	-	4
Provision for post contract support services	3	5
Provision for disputed dues*	57	49
Total	**1,112**	**724**

*Represents disputed tax dues provided during the previous year pursuant to unfavourable order received from the tax authorities against which the Company has preferred an appeal with the relevant authority. In respect of the provisions of Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' ('AS 29'), the disclosures required have not been provided in accordance with paragraph 72 of AS 29.

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

₹ in million

Particulars	As at March 31,	
	2013	2012
Change in projected benefit obligations		
Obligations at the beginning of the year	276	265
Service cost	62	41
Interest cost	19	19
Benefits settled	(41)	(74)
Actuarial (gain)/ loss	8	25
Obligations at end of the year	**324**	**276**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	275	257
Expected return on plan assets	23	19
Actuarial gain/ (loss)	1	38
Contributions	55	35
Benefits settled	(41)	(74)
Plan assets at the end of the year, at fair value	**313**	**275**

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

₹ in million

Particulars	As at March 31,				
	2013	2012	2011	2010	2009
Fair value of plan assets at the end of the year	313	275	257	212	132
Present value of defined obligations as at the end of the year	(324)	(276)	(265)	(208)	(132)
Asset/ (liability) recognised in the balance sheet	**(11)**	**(1)**	**(8)**	**4**	**-**

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Gratuity cost		
Service cost	62	41
Interest cost	19	19
Expected return on plan assets	(23)	(19)
Actuarial (gain)/ loss	7	(13)
Net gratuity cost	**65**	**28**
Actual return on plan assets	24	56
Assumptions		
Interest rate	7.96%	8.54%
Expected rate of return on plan assets	8%	7.5%
Salary increase	6%	6%
Attrition rate	13.38%	18.2%
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 disclosure of provisions movement as required under the provisions of AS 29 is as follows:-

Provision for post contract support services

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	5	5
Released during the year	(2)	-
Provision as at the end of the year	3	5

Provision for discount

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	109	49
Provisions made during the year	144	87
Utilisations during the year	(95)	(27)
Released during the year	(13)	-
Provision as at the end of the year	145	109

Provision for foreseeable losses on contracts

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	4	2
Provisions made during the year	-	12
Utilisations during the year	(4)	(10)
Provision as at the end of the year	-	4

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

3.4 Non-current assets

3.4.1 Fixed assets

₹ in million

Assets	Gross block				Accumulated depreciation				Net book value	
	As at April 1, 2012	Additions during the year	Deletions during the year	As at March 31, 2013	As at April 1, 2012	For the year	Deletions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets										
Leasehold land	425	-	-	425	59	12	-	71	354	366
Buildings	1,626	-	-	1,626	232	57	-	289	1,337	1,394
Leasehold improvements	1,064	134	12	1,186	708	167	10	865	321	356
Computer systems (including software)	1,636	364	6	1,994	1,425	220	5	1,640	354	211
Test equipment	218	1	-	219	143	55	-	198	21	75
Furniture and fixtures	144	13	6	151	125	19	6	138	13	19
Electrical installations	222	32	7	247	180	31	6	205	42	42
Office equipment	408	82	8	482	330	48	8	370	112	78
Motor vehicles	2	-	-	2	2	-	-	2	-	-
Plant and machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,753**	**626**	**39**	**6,340**	**3,205**	**609**	**35**	**3,779**	**2,561**	**2,548**
Intangible assets										
Intellectual property	67	-	-	67	24	15	-	39	28	43
Total (B)	**67**	**-**	**-**	**67**	**24**	**15**	**-**	**39**	**28**	**43**
Total (A+B)	**5,820**	**626**	**39**	**6,407**	**3,229**	**624**	**35**	**3,818**	**2,589**	**2,591**
Previous year	5,624	282	86	5,820	2,618	695	84	3,229	2,591	

3.4.2 Non-current investments

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in mutual funds (quoted)	223	-
Investment in equity instruments (unquoted)		
- Investment in Trade	8	8
- Investment in subsidiary	14	23
Less: Provision for diminution in value of investments	(1)	(1)
Total	**244**	**30**
Aggregate amount of quoted investments	223	-
Aggregate market value of quoted investments	224	-
Aggregate amount of unquoted investments	22	31

Details of investment in mutual funds are as given below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
JP Morgan Mutual Fund	70	-
Birla Sun Life Mutual Fund	30	-
IDFC Mutual Fund	28	-
Tata Mutual Fund	95	-
Total	**223**	**-**

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

₹ in million

Particulars	As at March 31,	
	2013	2012
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**

Details of investment in subsidiary are as given below:

₹ in million

Particulars	As at March 31,	
	2013	2012
Mindtree Software (Shenzhen) Co., Ltd ('MSSL')*	-	23
Mindtree Software (Shanghai) Co., Ltd ('MSSCL')**	14	-
Total	**14**	**23**

*During the year, the Company dissolved MSSL and the funds available with MSSL amounting to ₹ 18 million were received by the Company. Consequently, the loss on the dissolution of MSSL amounting to ₹ 3 million has been recognised in the statement of profit and loss. **The Company has set up a new subsidiary MSSCL during the year.

3.4.3 Taxes

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Tax expense		
- Current tax	887	672
- MAT credit entitlement	-	(138)
	887	534
Deferred tax	(40)	(104)
Total	**847**	**430**

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

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

During the year ended March 31, 2013, the Company has recorded a foreign tax credit of ₹ 97 million relating to financial year 2010-2011 and financial year 2011-2012. The Company has reflected this credit in the Income tax return for the financial year 2011-2012 and revised return for the financial year 2010-2011.

Deferred tax assets (net):

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

₹ in million

Particulars	As at March 31,	
	2013	2012
Excess of depreciation as per books over depreciation allowed under Income Tax Act,1961	215	222
Provision for doubtful debts	10	6
Compensated absence	84	39
Provision for volume discount	34	34
Others	17	19
Total deferred tax assets	**360**	**320**

3.4.4 Long-term loans and advances

₹ in million

Particulars	As at March 31,	
	2013	2012
(Unsecured considered good)		
Capital advances	127	102
Security deposits*	426	442
Advances recoverable in cash or in kind or for value to be received*	64	-
Total	**617**	**544**

*Refer note 3.15 for related party balances.

3.4.5 Other non-current assets

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advance tax and tax deducted at source, net of provision for taxes	848	742
MAT credit entitlement	165	246
Others non-current assets	33	40
Total	**1,046**	**1,028**

3.5 Current assets

3.5.1 Current investments

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in mutual funds (quoted)	3,628	2,750
Less: Provision for diminution in the value of investments	(1)	-
Term deposits	400	325
Total	**4,027**	**3,075**
Aggregate amount of quoted investments	3,628	2,750
Aggregate market value of quoted investments	3,710	2,803
Aggregate amount of unquoted investments	400	325

Details of investment in mutual funds are as given below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
ICICI Prudential Mutual Fund	409	301
IDFC Mutual Fund	228	346
UTI Mutual Fund	248	233
HSBC Mutual Fund	70	170
Franklin Templeton Mutual Fund	310	176
DSP Blackrock Mutual Fund	248	215
Birla Sun Life Mutual Fund	371	291
Reliance Mutual Fund	349	267
Tata Mutual Fund	152	284
DWS Mutual Fund	198	-
SBI Mutual Fund	358	50
HDFC Mutual Fund	440	122
Axis Mutual Fund	51	120
Principal Mutual Fund	30	-
Kotak Mutual Fund	51	-
Sundaram Mutual Fund	50	-
Pinebridge Mutual Fund	30	-
Fidelity Mutual Fund	-	50
IDBI Mutual Fund	35	125
Total	**3,628**	**2,750**

Details of investments in term deposit are as given below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
HDFC Limited	400	200
Janalakshmi Financial Services Private Limited	-	125
Total	**400**	**325**

3.5.2 Trade receivables

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	175	26
- considered doubtful	36	21
Other debts		
- considered good	4,333	4,052
- considered doubtful	10	19
Less: Provision for doubtful debts	(46)	(40)
Total	**4,508**	**4,078**

3.5.3 Cash and bank balances

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Balances with banks in current and deposit accounts^ *	1,235	582
Other bank balances**	3	3
Total	**1,238**	**585**

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

* Balances with banks include the following:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Balance with banks held as margin money towards bank guarantees	1	1
Bank deposits with more than 12 months of maturity	-	1

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

3.5.4 Short-term loans and advances

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received*	440	191
Less: Provision for doubtful advances	(10)	-
Total	**430**	**191**

*Refer note 3.15 for related party balances.

3.5.5 Other current assets

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Unbilled revenue	637	479
Other current assets*	643	346
Total	**1,280**	**825**

*Includes derivative asset of ₹ 181 million (As at March 31, 2012: ₹ 25 million.)

3.6 Other income

₹ in million

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest income	64	53
Dividend income	128	65
Net gain on sale of investments	133	27
Foreign exchange gain/ (loss)	-	196
Other non-operating income	25	43
Total	**350**	**384**

3.7 Expenses

₹ in million

Employee benefits expense	For the year ended March 31, 2013	2012
Salaries and wages	13,029	11,227
Contribution to provident and other funds	1,107	933
Expenses on employee stock purchase plan	2	-
Staff welfare expenses	136	101
Total	**14,274**	**12,261**

Finance Costs	For the year ended March 31, 2013	2012
Interest expense	10	5
Total	**10**	**5**

Other expenses	For the year ended March 31, 2013	2012
Travel expenses	935	999
Sub-contractor charges	861	661
Computer consumables	256	341
Legal & professional charges	249	216
Power and fuel	206	183
Rent (Refer note 3.16)	412	342
Repairs to buildings	55	32
Repairs to machinery	20	16
Insurance	20	20
Rates and taxes	72	103
Exchange loss, net	340	-
Other expenses	1,398	1,045
Total	**4,824**	**3,958**

3.8 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2013 is ₹ 470 million (March 31, 2012: ₹ 420 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 ₹ 4,018 million (March 31, 2012: ₹ 3,709 million).

c) The Company has received income tax assessment for the financial year 2008-09 wherein demand of ₹ 24 million 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 ₹ 11 million and ₹ 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 wherein demand of ₹ 91 million, ₹ 49 million, ₹ 61 million, ₹ 28 million, ₹ 58 million, ₹ 119 million and ₹ 214 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 appellate authorities and accordingly the Company has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Company has deposited ₹ 15 million with the department against these demands.

During the current year, the Company has received draft assessment order under Section 143(3) of the Income-tax Act 1961 for the financial year 2008-09 wherein demand of ₹ 65 million has been raised on account of transfer pricing adjustments and the Company is in the process of filing an appeal before the Dispute Resolution Panel.

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.

During the current year, the Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before assessing officer for re-assessment.

The Company had appealed against the demands received for financial years 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) 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 ₹ 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 ₹ 5 million with the department against this demand.

3.9 Quantitative details

The Company is engaged in software development services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 5(viii)© of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

3.10 Value of imports on CIF basis

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Capital goods	238	89
Others	4	9
Total	**242**	**98**

3.11 Expenditure in foreign currency

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Branch office expenses	7,821	5,962
Travel expenses	134	200
Professional charges	21	8
Others	97	540
Total	**8,073**	**6,710**

3.12 Earnings in foreign currency

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Income from software development	22,598	18,069
Other income	17	3
Total	**22,615**	**18,072**

3.13 During the year ended March 31, 2013, the Company has remitted in foreign currency, dividend of ₹ 8 million (year ended March 31, 2012: ₹ 10 million).

Particulars	For the year ended March 31,	
	2013	2012
Number of shares held		
Final dividend	1,743,465	2,717,566
Interim dividend	1,693,943	2,898,930
Number of shareholders		
Final dividend	46	50
Interim dividend	45	47
Amount remitted (₹)	₹ 8 million	₹ 10 million
Year to which dividend relates	Final dividend	Final dividend
	2011-12	2010-11
	Interim dividend	Interim dividend
	2012-13	2011-12

3.14 Segmental reporting

The Company's operations predominantly relate to providing IT Services and PE Services. Accordingly, the Company considers the business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

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

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

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

Business segments

₹ in million

Statement of profit and loss for year ended March 31, 2013	IT Services	PE Services	Total
Revenues	16,408	7,210	23,618
Operating expenses, net	13,214	5,544	18,758
Segmental operating income	**3,194**	**1,666**	**4,860**
Unallocable expenses			964
Profit for the year before interest, other income and tax			**3,896**
Interest expense			(10)
Other income			350
Net profit before taxes			**4,236**
Income taxes			(847)
Net profit after taxes			**3,389**

₹ 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**

Geographical segments

₹ in million

Revenues	For the year ended March 31,	
	2013	2012
America	13,411	11,104
Europe	6,944	5,013
India	1,462	1,490
Rest of World	1,801	1,545
Total	**23,618**	**19,152**

3.15 Related party transactions

Name of related party	Nature of relationship
Mindtree Software (Shenzhen) Co., Ltd ('MSSL'), Republic of China	Subsidiary*
Mindtree Software (Shanghai) Co., Ltd ('MSSCL'), Republic of China	Subsidiary**
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL') Tanglin Developments Limited ('TDL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 21% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Janalakshmi Financial Services Private Limited	Entity with common key management person.

*Dissolved with effect from September 06, 2012.
**Incorporated on January 29, 2013.

Transactions with the above related parties during the year were: ₹ in million

Name of related party	Nature of transaction	For the year ended March 31, 2013	2012
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	Procurement of supplies	13	16
Tanglin Developments Limited ('TDL')	Leasing office buildings and land (net)	310	296
	Advance paid:		
	- towards electricity deposit/ charges	220	-
	- towards lease rentals	259	-
	Advance received back:		
	- towards electricity deposit/ charges	108	-
	- towards lease rentals	147	-
	Interest on advance towards electricity charges	3	-

Balances payable to related parties are as follows: ₹ in million

Name of related party	As at March 31, 2013	2012
Tanglin Developments Limited	9	6
MSSL	-	3

Balances receivable from related parties are as follows: ₹ in million

Name of related party	Nature of transaction	As at March 31, 2013	2012
Tanglin Developments Limited	Rental advance		
	- Current	112	-
	- Non-current	-	-
	Advance towards electricity charges		
	- Current	48	-
	- Non-current	64	-
	Security deposit returnable on termination of lease	345	345
	Interest accrued on advance towards electricity charges	3	-
Janalakshmi Financial Services Private Limited	Interest bearing deposits	-*	125

*Redeemed during the year including interest thereon

Key managerial personnel:

Subroto Bagchi	Appointed as Chairman with effect from April 1, 2012
Dr. Albert Hieronimus	Appointed as Non-executive Vice Chairman with effect from April 1, 2012
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Chief Technology Officer
N S Parthasarathy*	President & COO
Anjan Lahiri*	President – IT Services
R. Srinivasan	Non-executive Director of Mindtree
V.G.Siddhartha	Non-executive Director of Mindtree
David B. Yoffie	Non-executive Director of Mindtree
Prof. Pankaj Chandra	Non-executive Director of Mindtree
Ramesh Ramanathan	Appointed as Non-executive Director of Mindtree with effect from May 2, 2012

*The Board elected Anjan Lahiri, as an additional Board member to hold office with effect from October 24, 2012 till the date of the next Annual General Meeting of the Company. The Board also elected N S Parthasarathy as an Alternate Director to S Janakiraman, with effect from October 22, 2012.

Remuneration paid to key managerial personnel during the year ended March 31, 2013 amounts to ₹ 96 million (for the year ended March 31, 2012: ₹ 73 million). Dividends paid to directors during the year ended March 31, 2013 amounts to ₹ 30 million (for the year ended March 31, 2012: ₹ 19 million).

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

3.16 Lease transactions

Lease rental expense under non-cancellable operating lease during the year ended March 31, 2013 amounted to ₹ 161 million (for the year ended March 31, 2012: ₹ 88 million). Future minimum lease payments under non-cancellable operating lease are as below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Payable -- Not later than one year	203	138
Payable -- Later than one year and not later than five years	521	224

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, 2013 was ₹ 251 million (for the year ended March 31, 2012: ₹ 254 million).

3.17 Earnings per equity 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,			
	2013		2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,974,712	40,974,712	40,295,202	40,295,202
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	521,584	-	67,957
Weighted average number of equity shares for calculation of earnings per share	40,974,712	41,496,296	40,295,202	40,363,159

3.18 Auditor's remuneration

₹ in million

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Statutory audit	2	2
Tax audit	1	1
Quarterly audit	11	11
Certification	1	1
Reimbursement of expenses	1	-
Total	**16**	**15**

3.19 The Company has opened a new development center at Gainesville, Florida, US to broaden its IT and Software consulting offerings to its clients in the US. The State of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

₹ in million

Nature of expenses	For the year ended March 31, 2013	For the year ended March 31, 2012
Reimbursement of rent	2	-
Grant towards workforce training	4	-
Non-monetary grant of US$ 950,000 for renovation of project facility*	51	-
Total	**57**	-

*The aforesaid grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the new development center at Gainesville, Florida, US.

3.20 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 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.

₹ in million

Particulars	For the year ended March 31, 2013	2012
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	Nil	Nil
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
The amount of interest due and payable for the period (where the principal has been paid but interest under the Act not paid);	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of accounting year; and	Nil	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

3.21 Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date 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 22, 2013

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 22, 2013

Consolidated financial statements

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 subsidiaries (collectively called 'the Mindtree Group'), which comprise the consolidated balance sheet as at March 31, 2013, the consolidated statement of profit and loss and consolidated cash flows 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, 2013;

(b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows 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 22, 2013

Consolidated balance sheet

₹ in million

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1.1	415	405
Reserves and surplus	3.1.2	12,722	9,167
		13,137	**9,572**
Non-current liabilities			
Long-term borrowings	3.2.1	32	37
Other long-term liabilities	3.2.2	57	46
		89	**83**
Current liabilities			
Short-term borrowings	3.3.1	217	407
Trade payables		189	104
Other current liabilities	3.3.2	2,166	2,456
Short-term provisions	3.3.3	1,112	724
		3,684	**3,691**
		16,910	**13,346**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.4.1	2,561	2,548
Intangible assets	3.4.1	28	43
Capital work-in-progress		571	85
Non-current investments	3.4.2	230	7
Deferred tax assets (net)	3.4.3	360	320
Long-term loans and advances	3.4.4	617	544
Other non-current assets	3.4.5	1,046	1,028
		5,413	**4,575**
Current assets			
Current investments	3.5.1	4,027	3,075
Trade receivables	3.5.2	4,508	4,078
Cash and bank balances	3.5.3	1,252	602
Short term loans and advances	3.5.4	430	191
Other current assets	3.5.5	1,280	825
		11,497	**8,771**
		16,910	**13,346**

Significant accounting policies and notes to the accounts 2 & 3
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **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 22, 2013

Place: Bangalore
Date : April 22, 2013

Consolidated statement of profit and loss

₹ in million

Particulars	Note	For the year ended March 31, 2013	2012
Revenue from operations		23,618	19,152
Other income	3.6	350	385
Total revenues		**23,968**	**19,537**
Expense:			
Employee benefit expense	3.7	14,274	12,261
Finance costs	3.7	10	5
Depreciation and amortisation expense	3.4.1	624	695
Other expenses	3.7	4,820	3,961
Total expenses		**19,728**	**16,922**
Profit before tax		**4,240**	**2,615**
Tax expense:	3.4.3		
Current tax		887	534
Deferred tax		(40)	(104)
Profit for the year		**3,393**	**2,185**
Earnings per equity share	3.12		
Equity shares of par value ₹ 10/- each			
Basic		82.79	54.23
Diluted		81.75	54.14
Weighted average number of equity shares used in computing earnings per share			
Basic		40,974,712	40,295,202
Diluted		41,496,296	40,363,159

Significant accounting policies and notes to the accounts — 2 & 3

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

As per our report of even date attached

For **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 22, 2013

Place: Bangalore
Date : April 22, 2013

Consolidated cash flow statement

₹ in million

	For the year ended March 31,	
	2013	2012
Cash flow from operating activities		
Profit before tax	4,240	2,615
Adjustments for :		
Depreciation and amortisation	624	695
Amortisation of stock compensation cost	2	-
Interest expense	10	5
Interest / dividend income	(192)	(118)
Profit on sale of fixed assets	(6)	(1)
Profit on sale of investments	(133)	(27)
Provision for diminution in the value of investments	1	1
Exchange difference on derivatives	(308)	(10)
Effect of exchange differences on translation of foreign currency borrowings	28	(3)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(30)	(21)
Operating profit before working capital changes	4,236	3,136
Changes in trade receivables	(430)	(1,252)
Changes in loans and advances and other assets	(565)	20
Changes in liabilities and provisions	392	720
Net cash provided by operating activities before taxes	3,633	2,624
Income taxes paid	(969)	(564)
Net cash provided by operating activities	**2,664**	**2,060**
Cash flow from investing activities		
Purchase of fixed assets	(1,066)	(484)
Proceeds from sale of fixed assets	9	2
Interest/ dividend received from investments	179	120
Purchase of investments	(11,257)	(8,790)
Sale/ maturities of investments	10,216	6,846
Net cash used in investing activities	**(1,919)**	**(2,306)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	322	144
Interest paid on loans	(11)	(5)
Repayment of borrowings	(941)	(5)
Proceeds from loans	719	410
Dividends paid (including distribution tax)	(214)	(176)
Net cash (used in)/ provided by financing activities	**(125)**	**368**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30	21
Net increase in cash and cash equivalents	650	143
Cash and cash equivalents at the beginning of the year	602	459
Cash and cash equivalents at the end of the year	**1,252**	**602**

The notes referred to above form an integral part of the financial statements
As per our report of even date 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 22, 2013

Place: Bangalore
Date : April 22, 2013

Significant accounting policies and notes to the accounts for the year ended March 31, 2013

1. Background

Mindtree Limited ('Mindtree' or 'the Company') together with its subsidiaries Mindtree Software (Shenzhen) Co. Ltd and Mindtree Software (Shanghai) Co. Ltd, collectively referred to as 'the Group' is an international Information Technology consulting and implementation Group that delivers business solutions through global software development. The Group is structured into 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, Malaysia, 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 Software (Shanghai) Co., Ltd.**	Republic of China	100%

* Dissolved with effect from September 06, 2012.
** Incorporated on January 29, 2013.

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 ₹ 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 and deposit accounts.

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.

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

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

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

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

2.10 Foreign exchange transactions

2.10.1 The Group is exposed to foreign currency transactions including foreign currency revenues, 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.

2.11 Warranties

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

2.12 Provision and contingent liabilities

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

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

2.13 Taxation

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

Minimum Alternate Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet if there is a 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 based compensation

The Group measures the compensation cost relating to employee stock options/ restricted shares using the intrinsic value method. The compensation cost is amortised over the vesting/ service period.

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.

2.18 Government grants

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

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received.

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

3. Notes to the accounts

3.1 Shareholders' funds

3.1.1 Share capital

a) ₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
79,620,000 (March 31, 2012 : 79,620,000) equity shares of ₹ 10/- each	796	796
Issued, subscribed and paid-up capital		
41,535,055 (March 31, 2012 : 40,543,923) equity shares of ₹ 10/- each fully paid	415	405
Total	**415**	**405**

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, 2013		As at March 31, 2012	
	No. of shares	₹ in million	No. of shares	₹ in million
Number of shares outstanding at the beginning of the year	40,543,923	405	40,035,187	400
Add: Shares issued on exercise of employee stock options	991,132	10	508,736	5
Number of shares outstanding at the end of the year	41,535,055	415	40,543,923	405

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

Each holder of the equity share, as reflected in the records of the Group 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 Group 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, at its meeting held on October 16, 2012 declared an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10/- each). Further, the Board of Directors declared a second interim dividend of 40% (₹ 4 per equity share of par value ₹ 10/- each) and proposed a final dividend of 50% (₹ 5 per equity share of par value ₹ 10/- each) for the year ended March 31, 2013. The total dividend appropriation for the year ended March 31, 2013 amounted to ₹ 578 million, including corporate dividend tax of ₹ 81 million.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 4. The dividend for the year ended March 31, 2012 includes ₹ 1.50 per share of final dividend, ₹ 1.50 per share of interim dividend and a special dividend of ₹ 1 per equity share on the occasion of the Group crossing $100 million in revenues and 10,000 Mindtree minds during the quarter ended September 30, 2011. The total dividend appropriation for the year ended March 31, 2012 amounted to ₹ 188 million, including corporate dividend tax of ₹ 26 million.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group 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:

Sr. No.	Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
		No. of shares	%	No. of shares	%
1	Coffee Day Resorts Private Limited	4,565,442	11.0	4,565,442	11.3
2	Walden Software Investment Limited	-	-	3,964,205	9.8
3	Nalanda India Fund Limited	3,949,089	9.5	3,949,089	9.7
4	Global Technology Ventures Limited	2,498,561	6.0	2,648,561	6.5
5	Subroto Bagchi	2,078,585	5.0	2,078,435	5.1

e) The Group 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. Number of equity shares allotted as fully paid up without payment being received in cash is 1,300,965 during the period of five years immediately preceding March 31, 2013 and March 31, 2012. These shares were allotted to the shareholders of erstwhile Aztecsoft Limited pursuant to the scheme of amalgamation for the financial year ended March 31, 2010.

f) Employee stock based compensation

The Group 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. Further, the Group has instituted Employee Restricted Stock Purchase Plan 2012 ('ERSP 2012') during the current year.

Program 1 [ESOP 1999]

Options under this program are exercisable at an exercise price of ₹ 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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	4,000	4,088
Granted during the year	-	-
Exercised during the year	500	88
Lapsed during the year	3,500	-
Forfeited during the year	-	-
Outstanding options, end of the year	**-**	**4,000**
Options vested and exercisable, end of the year	-	4,000

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of ₹ 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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	79,367	126,763
Granted during the year	-	-
Exercised during the year	25,837	40,124
Lapsed during the year	5,612	7,272
Forfeited during the year	-	-
Outstanding options, end of the year	**47,918**	**79,367**
Options vested and exercisable, end of the year	47,918	79,367

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of ₹ 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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	-	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, end of the year	**-**	**-**
Options vested and exercisable, end of the year	-	-

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 ₹ 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,	
	2013	2012
Outstanding options, beginning of the year	1,349,038	2,308,946
Granted during the year	-	110,000
Exercised during the year	905,860	408,995
Lapsed during the year	97,528	486,768
Forfeited during the year	41,000	174,145
Outstanding options, end of the year	**304,650**	**1,349,038**
Options vested and exercisable, end of the year	115,225	1,013,388

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 ₹ 10 each.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	124,803	150,218
Granted during the year	-	-
Exercised during the year	14,437	938
Lapsed during the year	2,118	24,477
Forfeited during the year	-	-
Outstanding options, end of the year	**108,248**	**124,803**
Options vested and exercisable, end of the year	108,248	124,803

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 ₹ 10 each. The contractual life of each option is 4 years after the date of the grant.

Particulars	Year ended March 31,	
	2013	2012
Outstanding options, beginning of the year	151,667	165,000
Granted during the year	20,000	-
Exercised during the year	36,667	13,333
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding options, end of the year	**135,000**	**151,667**
Options vested and exercisable, end of the year	76,667	75,001

Program 7 [(ESOP 2010A]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received by the Group from the BSE and NSE for 1,135,000 equity shares of ₹ 10 each. No options have been granted under the program as at March 31, 2013.

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

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

All shares will have a minimum lock in period of one year from the date of allotment.

Particulars	Year ended March 31,	
	2013	2012
Outstanding shares, beginning of the year	-	-
Granted during the year	7,831	-
Exercised during the year	7,831	-
Lapsed during the year	-	-
Forfeited during the year	-	-
Outstanding shares, end of the year	-	-
Shares vested and exercisable, end of the year	-	-

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

Amount in ₹

Particulars	Year ended March 31,	
	2013	2012
Program 1	10.00	10.00
Program 2	50.00	50.00
Program 3	-	250.00
Program 4	336.84	308.77
Program 5	404.63	161.56
DSOP 2006	259.27	355.00
ERSP 2012	10.00	-

The following tables summarise information about the options outstanding under various programs as at March 31, 2013 and March 31, 2012 respectively:

Particulars	As at March 31, 2013		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in ₹)
Program 1	-	-	-
Program 2	47,918	2.00	50.00
Program 3	-	-	-
Program 4	304,650	2.62	491.45
Program 5	108,248	3.21	392.82
DSOP 2006	135,000	1.95	559.41

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 ₹)
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

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

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 April 1, 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:

₹ in million except EPS data

Particulars	Year ended March 31, 2013	2012
Net profit as reported	3,393	2,185
Add: Stock-based employee compensation expense (intrinsic value method)	-	-
Less: Stock-based employee compensation expense (fair value method)	74	78
Pro forma net profit	3,319	2,107
Basic earnings per share as reported	82.79	54.23
Pro forma basic earnings per share	80.98	52.30
Diluted earnings per share as reported	81.75	54.14
Pro forma diluted earnings per share	79.96	52.22

During the year ended March 31, 2013, 20,000 options were granted by the Group under DSOP 2006.

The weighted average fair value of each option of Mindtree, granted during the year ended March 31, 2013 was ₹ 393.56 using the Black-Scholes model with the following assumptions:

Weighted average grant date share price	₹ 556
Weighted average exercise price	₹ 556
Dividend yield %	0.18%
Expected life	3 – 5 years
Risk free interest rate	8.11%
Volatility	101.5%

3.1.2 Reserves and surplus

₹ in million

Particulars	As at March 31, 2013	2012
Capital reserve		
Opening balance	87	87
Additions during the year	-	-
	87	87
Securities premium reserve		
Opening balance	1,770	1,631
Additions during the year on exercise of employee stock options	317	139
	2,087	**1,770**
General reserve		
Opening balance	752	533
Add: Transfer from statement of profit and loss	339	219
	1,091	**752**
Share option outstanding account		
Opening balance	48	48
Additions during the year	-	-
	48	**48**
Hedge reserve		
Opening balance	(250)	81
Additions during the year	423	(331)
	173	(250)
Surplus (Balance in the statement of profit and loss)		
Opening balance	6,760	4,982
Add: Amount transferred from statement of profit and loss	3,393	2,185
Amount available for appropriations	**10,153**	**7,167**
Appropriations:		
Interim dividend	(289)	(101)
Final dividend	(208)	(61)
Dividend distribution tax	(81)	(26)
Amount transferred to general reserve	(339)	(219)
	9,236	**6,760**
Total	**12,722**	**9,167**

3.2 Non-current liabilities

3.2.1 Long-term borrowings

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Other loans and advances	32	37
Total	**32**	**37**

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.

3.2.2 Other long-term liabilities

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Interest accrued but not due on borrowings	-	1
Other long-term liabilities	57	45
Total	**57**	**46**

3.3 Current liabilities

3.3.1 Short-term borrowings

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Secured)		
Other loans from banks	217	407
Total	**217**	**407**

During the year, the Group has repaid packing credit loans of USD 8 million and availed additional packing credit loan of USD 4 million. These packing credit loans are secured against the trade receivables of the Group. As at March 31, 2013, the Group has outstanding packing credit loan of USD 4 million (As at March 31, 2012: USD 8 million). The Group has taken forward exchange contracts 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.

Details of interest rate and repayment terms in respect of above packing credit loan are as below:

Name of the bank	As at March 31, 2013			As at March 31, 2012		
	₹ in million	Rate of interest	Date of repayment	₹ in million	Rate of interest	Date of repayment
HSBC	-	-	-	254	2.00%	25-May-12
HSBC	-	-	-	153	2.39%	31-Aug-12
HSBC	217	1.98%	29-May-13	-	-	-
Total	**217**			**407**		

3.3.2 Other current liabilities

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debt*	5	5
Interest accrued but not due on borrowings	2	2
Unearned income	36	19
Unpaid dividends	3	3
Creditors for capital goods	105	33
Advances from customers	42	69
Employee related liabilities	1,023	836
Book overdraft	136	125
Other liabilities**	814	1,364
Total	**2,166**	**2,456**

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

**Includes derivative liability of ₹ 13 million (As at March 31, 2012: ₹ 590 million).

As at March 31, 2013, the Group has outstanding forward contracts amounting to USD 112.75 million (As at March 31, 2012: USD 112.5 million) and Euro 11 million (As at March 31, 2012: Euro 9 million) forward strips and leverage option contracts amounting to NIL (As at March 31, 2012: USD 29.25 million). These derivative instruments have been entered to hedge highly probable forecasted sales.

In accordance with the provisions of AS 30, those derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain has been credited 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 ₹ 308 million for the year ended March 31, 2013 (year ended March 31, 2012: gain of ₹ 10 million) has been recorded in the statement of profit and loss.

3.3.3 Short-term provisions

₹ in million

Particulars	As at March 31,	
	2013	2012
Provision for employee benefits		
- Gratuity	11	1
- Compensated absences	262	228
Provision for taxes	199	257
Provision for discount	145	109
Dividend payable	374	61
Dividend distribution tax payable	61	10
Provision for foreseeable losses on contracts	-	4
Provision for post contract support services	3	5
Provision for disputed dues*	57	49
Total	**1,112**	**724**

*Represents disputed tax dues provided during the previous year pursuant to unfavourable order received from the tax authorities against which the Group has preferred an appeal with the relevant authority. In respect of the provisions of Accounting Standard – 29 'Provisions, Contingent Liabilities and Contingent Assets' ('AS 29'), the disclosures required have not been provided in accordance with paragraph 72 of AS 29.

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

₹ in million

Particulars	As at March 31,	
	2013	2012
Change in projected benefit obligations		
Obligations at the beginning of the year	276	265
Service cost	62	41
Interest cost	19	19
Benefits settled	(41)	(74)
Actuarial (gain)/ loss	8	25
Obligations at end of the year	**324**	**276**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	275	257
Expected return on plan assets	23	19
Actuarial gain/ (loss)	1	38
Contributions	55	35
Benefits settled	(41)	(74)
Plan assets at the end of the year, at fair value	**313**	**275**

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

Particulars	As at March 31,				
	2013	2012	2011	2010	2009
Fair value of plan assets at the end of the year	313	275	257	227	168
Present value of defined obligations as at the end of the year	(324)	(276)	(265)	(229)	(175)
Asset/ (liability) recognised in the balance sheet	(11)	(1)	(8)	(2)	(7)

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Gratuity cost		
Service cost	62	41
Interest cost	19	19
Expected return on plan assets	(23)	(19)
Actuarial (gain)/ loss	7	(13)
Net gratuity cost	**65**	**28**
Actual return on plan assets	24	56
Assumptions		
Interest rate	7.96%	8.54%
Expected rate of return on plan assets	8%	7.5%
Salary increase	6%	6%
Attrition rate	13.38%	18.2%
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 AS 29 is as follows:-

Provision for post contract support services

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	5	5
Released during the year	(2)	-
Provision as at the end of the year	3	5

Provision for discount

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	109	49
Provisions made during the year	144	87
Utilisations during the year	(95)	(27)
Released during the year	(13)	-
Provision as at the end of the year	145	109

Provision for foreseeable losses on contracts

₹ in million

Particulars	For the year ended March 31,	
	2013	2012
Balance as at beginning of the year	4	2
Provisions made during the year	-	12
Utilisations during the year	(4)	(10)
Provision as at the end of the year	-	4

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

3.4 Non-current assets
3.4.1 Fixed assets

₹ in million

Assets	Gross block				Accumulated depreciation				Net book value	
	As at April 1, 2012	Additions during the year	Deletions during the year	As at March 31, 2013	As at April 1, 2012	For the year	Deletions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets										
Leasehold land	425	-	-	425	59	12	-	71	354	366
Buildings	1,626	-	-	1,626	232	57	-	289	1,337	1,394
Leasehold improvements	1,064	134	12	1,186	708	167	10	865	321	356
Computer systems (including software)	1,636	364	6	1,994	1,425	220	5	1,640	354	211
Test equipment	218	1	-	219	143	55	-	198	21	75
Furniture and fixtures	144	13	6	151	125	19	6	138	13	19
Electrical installations	222	32	7	247	180	31	6	205	42	42
Office equipment	408	82	8	482	330	48	8	370	112	78
Motor vehicles	2	-	-	2	2	-	-	2	-	-
Plant and machinery	8	-	-	8	1	-	-	1	7	7
Total (A)	**5,753**	**626**	**39**	**6,340**	**3,205**	**609**	**35**	**3,779**	**2,561**	**2,548**
Intangible assets										
Intellectual property	67	-	-	67	24	15	-	39	28	43
Total (B)	**67**	**-**	**-**	**67**	**24**	**15**	**-**	**39**	**28**	**43**
Total (A+B)	**5,820**	**626**	**39**	**6,407**	**3,229**	**624**	**35**	**3,818**	**2,589**	**2,591**
Previous year	**5,624**	**282**	**86**	**5,820**	**2,618**	**695**	**84**	**3,229**	**2,591**	

3.4.2 Non-current investments

₹ in million

Particulars	As at March 31,	
	2013	2012
Investment in mutual funds (quoted)	223	-
Investment in equity instruments (unquoted)	8	8
Less: Provision for diminution in value of investments	(1)	(1)
Total	**230**	**7**
Aggregate amount of quoted investments	223	-
Aggregate market value of quoted investments	224	-
Aggregate amount of unquoted investments	8	8

Details of investment in mutual funds are as given below:

₹ in million

Particulars	As at March 31,	
	2013	2012
JP Morgan Mutual Fund	70	-
Birla Sun Life Mutual Fund	30	-
IDFC Mutual Fund	28	-
Tata Mutual Fund	95	-
Total	**223**	**-**

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

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
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

₹ in million

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Tax expense		
- Current tax	887	672
- MAT credit entitlement	-	(138)
	887	534
Deferred tax	(40)	(104)
Total	**847**	**430**

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

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

During the year ended March 31, 2013, the Group has recorded a foreign tax credit of ₹ 97 million relating to financial year 2010-2011 and financial year 2011-2012. The Group has reflected this credit in the Income tax return for the financial year 2011-2012 and revised return for the financial year 2010-2011.

Deferred tax assets (net):

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

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Excess of depreciation as per books over depreciation allowed under Income Tax Act,1961	215	222
Provision for doubtful debts	10	6
Compensated absence	84	39
Provision for volume discount	34	34
Others	17	19
Total deferred tax assets	**360**	**320**

3.4.4 Long-term loans and advances

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Capital advances	127	102
Security deposits*	426	442
Advances recoverable in cash or in kind or for value to be received*	64	-
Total	**617**	**544**

*Refer note 3.10 for related party balances.

3.4.5 Other non-current assets

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advance tax and tax deducted at source, net of provision for taxes	848	742
MAT credit entitlement	165	246
Others non-current assets	33	40
Total	**1,046**	**1,028**

3.5 Current assets

3.5.1 Current investments

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in mutual funds (quoted)	3,628	2,750
Less: Provision for diminution in the value of investments	(1)	-
Term deposits	400	325
Total	**4,027**	**3,075**
Aggregate amount of quoted investments	3,628	2,750
Aggregate market value of quoted investments	3,710	2,803
Aggregate amount of unquoted investments	400	325

Details of investment in mutual funds are as given below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
ICICI Prudential Mutual Fund	409	301
IDFC Mutual Fund	228	346
UTI Mutual Fund	248	233
HSBC Mutual Fund	70	170
Franklin Templeton Mutual Fund	310	176
DSP Blackrock Mutual Fund	248	215
Birla Sun Life Mutual Fund	371	291
Reliance Mutual Fund	349	267
Tata Mutual Fund	152	284
DWS Mutual Fund	198	-
SBI Mutual Fund	358	50
HDFC Mutual Fund	440	122
Axis Mutual Fund	51	120
Principal Mutual Fund	30	-
Kotak Mutual Fund	51	-
Sundaram Mutual Fund	50	-
Pinebridge Mutual Fund	30	-
Fidelity Mutual Fund	-	50
IDBI Mutual Fund	35	125
Total	**3,628**	**2,750**

Details of investments in term deposit are as given below:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
HDFC Limited	400	200
Janalakshmi Financial Services Private Limited	-	125
Total	**400**	**325**

3.5.2 Trade receivables

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Debts overdue for a period exceeding six months		
- considered good	175	26
- considered doubtful	36	21
Other debts		
- considered good	4,333	4,052
- considered doubtful	10	19
Less: Provision for doubtful debts	(46)	(40)
Total	**4,508**	**4,078**

3.5.3 Cash and bank balances

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with banks in current and deposit accounts^ *	1,249	599
Other bank balances**	3	3
Total	**1,252**	**602**

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

* Balances with banks include the following:

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Balance with banks held as margin money towards bank guarantees	1	1
Bank deposits with more than 12 months of maturity	-	1

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

3.5.4 Short-term loans and advances

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received*	440	191
Less: Provision for doubtful advances	(10)	-
Total	**430**	**191**

*Refer note 3.10 for related party balances.

3.5.5 Other current assets

₹ in million

Particulars	As at March 31, 2013	As at March 31, 2012
Unbilled revenue	637	479
Other current assets*	643	346
Total	**1,280**	**825**

*Includes derivative asset of ₹ 181 million (As at March 31, 2012: ₹ 25 million.)

3.6 Other income

₹ in million

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest income	64	53
Dividend income	128	65
Net gain on sale of investments	133	27
Foreign exchange gain/ (loss)	-	197
Other non-operating income	25	43
Total	**350**	**385**

3.7 Expenses

₹ in million

Employee benefits expense	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and wages	13,029	11,227
Contribution to provident and other funds	1,107	933
Expenses on employee stock purchase plan	2	-
Staff welfare expenses	136	101
Total	**14,274**	**12,261**

₹ in million

Finance Costs	For the year ended March 31, 2013	2012
Interest expense	10	5
Total	**10**	**5**

Other expenses	For the year ended March 31, 2013	2012
Travel expenses	935	999
Sub-contractor charges	861	661
Computer consumables	256	341
Legal & Professional charges	249	218
Power and fuel	206	183
Rent (Refer note 3.11)	412	343
Repairs to buildings	55	32
Repairs to machinery	20	16
Insurance	20	20
Rates and taxes	72	103
Exchange loss, net	340	-
Other expenses	1,394	1,045
Total	**4,820**	**3,961**

3.8 Contingent liabilities and commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2013 is ₹ 470 million (March 31, 2012: ₹ 420 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 ₹ 4,018 million (March 31, 2012: ₹ 3,712 million).

c) The Group has received income tax assessment for the financial year 2008-09 wherein demand of ₹ 24 million 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 ₹ 11 million and ₹ 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 wherein demand of ₹ 91 million, ₹ 49 million, ₹ 61 million, ₹ 28 million, ₹ 58 million, ₹ 119 million and ₹ 214 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 appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited ₹ 15 million with the department against these demands.

   During the current year, the Group has received draft assessment order under Section 143(3) of the Income Tax Act, 1961 for the financial year 2008-09 wherein demand of ₹ 65 million has been raised on account of transfer pricing adjustments and the Group is in the process of filing an appeal before the Dispute Resolution Panel.

   The Group had received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) has accepted the Group's contentions and quashed the demand raised. The Income tax department had appealed against the above mentioned order with ITAT. ITAT, 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 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.

   During the current year, the Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before assessing officer for re-assessment.

   The Group had appealed against the demands received for financial years 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 financial statements.

f) 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 ₹ 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 Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received. The Group has deposited ₹ 5 million with the department against this demand.

3.9 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.

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

₹ in million

Consolidated Statement of profit and loss for year ended March 31, 2013	IT Services	PE Services	Total
Revenues	16,408	7,210	23,618
Operating expenses, net	13,214	5,544	18,758
Segmental operating income	**3,194**	**1,666**	**4,860**
Unallocable expenses			960
Profit for the year before interest, other income and tax			**3,900**
Interest expense			(10)
Other income			350
Net profit before taxes			**4,240**
Income taxes			(847)
Net profit after taxes			**3,393**

₹ 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**

Geographical segments

₹ in million

Revenues	For the year ended March 31,	
	2013	2012
America	13,411	11,104
Europe	6,944	5,013
India	1,462	1,490
Rest of World	1,801	1,545
Total	**23,618**	**19,152**

3.10 Related party transactions

Name of related party	Nature of relationship
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL') Tanglin Developments Limited ('TDL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 21% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Janalakshmi Financial Services Private Limited	Entity with common key management person.

Transactions with the above related parties during the year were: ₹ in million

Name of related party	Nature of transaction	For the year ended March 31,	
		2013	2012
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	Procurement of supplies	13	16
Tanglin Developments Limited ('TDL')	Leasing office buildings and land (net)	310	296
	Advance paid:		
	- towards electricity deposit/ charges	220	-
	- towards lease rentals	259	-
	Advance received back:		
	- towards electricity deposit/ charges	108	-
	- towards lease rentals	147	-
	Interest on advance towards electricity charges	3	-

Balances payable to related parties are as follows: ₹ in million

Name of related party	As at March 31,	
	2013	2012
Tanglin Developments Limited	9	6

Balances receivable from related parties are as follows: ₹ in million

Name of related party	Nature of transaction	As at March 31,	
		2013	2012
Tanglin Developments Limited	Rental advance		
	- Current	112	-
	- Non-current	-	-
	Advance towards electricity charges		
	- Current	48	-
	- Non-current	64	-
	Security deposit returnable on termination of lease	345	345
	Interest accrued on advance towards electricity charges	3	-
Janalakshmi Financial Services Private Limited	Interest bearing deposits	-*	125

*Redeemed during the year including interest thereon.

Key managerial personnel:

Subroto Bagchi	Appointed as Chairman with effect from April 1, 2012
Dr. Albert Hieronimus	Appointed as Non-executive Vice Chairman with effect from April 1, 2012
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Chief Technology Officer
N S Parthasarathy*	President & COO
Anjan Lahiri*	President – IT Services
R. Srinivasan	Non-executive Director of Mindtree
V.G.Siddhartha	Non-executive Director of Mindtree
David B. Yoffie	Non-executive Director of Mindtree
Prof. Pankaj Chandra	Non-executive Director of Mindtree
Ramesh Ramanathan	Appointed as Non-executive Director of Mindtree with effect from May 2, 2012

*The Board elected Anjan Lahiri, as an additional Board member to hold office with effect from October 24, 2012 till the date of the next Annual General Meeting of the Group. The Board also elected N S Parthasarathy as an Alternate Director to S Janakiraman, with effect from October 22, 2012.

Remuneration paid to key managerial personnel during the year ended March 31, 2013 amounts to ₹ 96 million (for the year ended March 31, 2012: ₹ 73 million). Dividends paid to directors for year ended March 31, 2013 amounts to ₹ 30 million (for the year ended March 31, 2012 amounts to ₹ 19 million).

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

3.11 Lease Transactions

Lease rental expense under non-cancellable operating lease for the year ended March 31, 2013 amounted to ₹ 161 million (for the year ended March 31, 2012: ₹ 89 million). Future minimum lease payments under non-cancellable operating lease are as below:

₹ in million

Particulars	As at March 31,	
	2013	2012
Payable -- Not later than one year	203	138
Payable -- Later than one year and not later than five years	521	224

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancelable operating lease for the year ended March 31, 2013 was ₹ 251 million (for the year ended March 31, 2012: ₹ 254 million).

3.12 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,			
	2013		2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,974,712	40,974,712	40,295,202	40,295,202
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	521,584	-	67,957
Weighted average number of equity shares for calculation of earnings per share	40,974,712	41,496,296	40,295,202	40,363,159

3.13 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, 2013 and March 31, 2012 are as follows:

₹ in million

Particulars	As at March 31, 2013	
	Mindtree Software (Shanghai) Co Ltd	Mindtree Software (Shenzhen) Co Ltd
Capital	14	-
Reserves	-	-
Total Assets (gross)	14	-
Total Liabilities	-	-
Details of investments	-	-
Turnover	-	-
Profit/ (loss)before taxation	-	(2)
Provision for taxation	-	-
Profit after taxation	-	(2)
Proposed dividend	-	-

₹ in million

Particulars	As at March 31, 2012	
	Mindtree Software (Shanghai) Co Ltd	Mindtree Software (Shenzhen) Co Ltd
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 ₹ 4 million of debit balance in statement of profit and loss.

3.14 The Group has opened a new development center at Gainesville, Florida, US to broaden its IT and Software consulting offerings to its clients in the US. The state of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

₹ in million

Nature of expenses	For the year ended March 31, 2013	2012
Reimbursement of rent	2	-
Grant towards workforce training	4	-
Non-monetary grant of US$ 950,000 for renovation of project facility*	51	-
Total	**57**	-

*The aforesaid grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the new development center at Gainesville, Florida, US.

3.15 Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date 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 22, 2013

Subroto Bagchi
Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 22, 2013

IFRS financial statements

Unaudited consolidated statements of financial position

₹ in million, except share data

	Note	As at March 31, 2013	As at March 31, 2012
Assets			
Intangible assets	6	28	42
Property, plant and equipment	5	2,894	2,388
Available-for-sale financial assets	7	235	11
Deferred tax assets	16	470	590
Other non-current assets	10	851	794
Total non-current assets		**4,478**	**3,825**
Trade receivables	8	4,508	4,077
Other current assets	10	1,348	892
Unbilled revenues		637	479
Available-for-sale financial assets	7	3,710	2,803
Current tax assets	16	846	742
Derivative assets	15	181	36
Cash and cash equivalents	9	1,252	602
Total current assets		**12,482**	**9,631**
Total assets		**16,960**	**13,456**
Equity			
Share capital		415	405
Share premium		2,325	1,876
Retained earnings		10,635	7,632
Other components of equity		247	(166)
Equity attributable to owners of the Company		**13,622**	**9,747**
Non-controlling interests		-	-
Total equity		**13,622**	**9,747**
Liabilities			
Loans and borrowings	11	24	26
Other non-current liabilities	13	63	44
Total non-current liabilities		**87**	**70**
Loans and borrowings and book overdraft	11	358	537
Trade payables and accrued expenses	12	850	749
Unearned revenue		36	19
Current tax liabilities	16	199	257
Derivative liabilities	15	13	597
Employee benefit obligations	14	273	229
Other current liabilities	13	1,317	1,084
Provisions	13	205	167
Total current liabilities		**3,251**	**3,639**
Total liabilities		**3,338**	**3,709**
Total equity and liabilities		**16,960**	**13,456**

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

Unaudited consolidated statements of income

₹ in million, except share data

	Note	Year ended March 31, 2013	Year ended March 31, 2012
Revenues		23,532	19,099
Cost of revenues	18	(15,020)	(13,077)
Gross profit		**8,512**	**6,022**
Selling, general and administrative expenses	18	(4,476)	(3,823)
Results from operating activities		**4,036**	**2,199**
Foreign exchange gain/ (loss)		(340)	199
Finance expenses		(12)	(7)
Finance and other income	20	380	219
Profit before tax		**4,064**	**2,610**
Income tax expense	16	(847)	(430)
Profit for the year		**3,217**	**2,180**
Attributable to:			
Owners of the Company		3,217	2,180
Non-controlling interests		-	-
		3,217	2,180
Earnings per equity share:	21		
Basic		78.81	54.10
Diluted		77.75	54.00
Weighted average number of equity shares used in computing earnings per equity share:			
Basic		40,974,712	40,295,202
Diluted		41,496,296	40,363,159

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

Unaudited consolidated statements of comprehensive income

₹ in million, except share data

	Note	Year ended March 31, 2013	2012
Profit for the year		3,217	2,180
Other comprehensive income, net of taxes			
- Net change in fair value of cash flow hedges	15 & 16	355	(282)
- Net change in fair value of available-for-sale financial assets	7	20	33
Total other comprehensive income, net of taxes		375	(249)
Total comprehensive income for the year		**3,592**	**1,931**
Attributable to:			
Owners of the Company		3,592	1,931
Non-controlling interests		-	-
		3,592	**1,931**

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

Unaudited consolidated statements of changes in equity

₹ in million, except share data

Particulars	No. of shares	Share capital	Share premium	Retained earnings	Share based payment reserve	Other components of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
						Cash flow hedging reserve	Other reserves			
Balance as at April 1, 2011	40,035,187	400	1,680	5,628	61	63	16	7,848	-	7,848
Issue of equity shares on exercise of options	508,736	5	196	-	-	-	-	201	-	201
Profit for the year		-	-	2,180	-	-	-	2,180	-	2,180
Other comprehensive income		-	-	-	-	(282)	33	(249)	-	(249)
Compensation cost related to employee share based payment transaction		-	-	-	(57)	-	-	(57)	-	(57)
Cash dividend paid (including dividend tax thereon)		-	-	(176)	-	-	-	(176)	-	(176)
As at March 31, 2012	**40,543,923**	**405**	**1,876**	**7,632**	**4**	**(219)**	**49**	**9,747**	**-**	**9,747**
Balance as at April 1, 2012	40,543,923	405	1,876	7,632	4	(219)	49	9,747	-	9,747
Issue of equity shares on exercise of options	991,132	10	449	-	-	-	-	459	-	459
Profit for the year		-	-	3,217	-	-	-	3,217	-	3,217
Other comprehensive income		-	-	-	-	355	20	375	-	375
Compensation cost related to employee share based payment transaction		-	-	-	38	-	-	38	-	38
Cash dividend paid (including dividend tax thereon)		-	-	(214)	-	-	-	(214)	-	(214)
As at March 31, 2013	**41,535,055**	**415**	**2,325**	**10,635**	**42**	**136**	**69**	**13,622**	**-**	**13,622**

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

Unaudited consolidated statements of cash flow

₹ in million, except share data

	Year ended March 31,	
	2013	2012
Cash flow from operating activities		
Profit for the year	3,217	2,180
Adjustments for :		
Depreciation & amortisation	616	691
Amortisation of stock compensation	171	-
Interest expense	12	7
Income tax expense	847	430
Interest / dividend income	(222)	(149)
Gain on sale of property, plant and equipment	(5)	(1)
Gain on sale of available-for-sale financial assets	(133)	(27)
Unrealised exchange difference on derivatives	(303)	(10)
Effect of exchange differences on translation of foreign currency borrowings	28	(3)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(30)	(21)
Changes in operating assets and liabilities:		
Trade receivables	(430)	(1,252)
Unbilled revenues	(158)	(42)
Other assets	(358)	73
Trade payables and accrued expenses	87	181
Unearned revenues	17	(22)
Other liabilities	265	551
Net cash provided by operating activities before taxes	3,621	2,586
Income taxes paid	(968)	(564)
Net cash provided by operating activities	**2,653**	**2,022**
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,066)	(484)
Proceeds from sale ofproperty, plant and equipment	9	2
Interest /dividend received from available-for-sale financial assets	179	120
Inter-corporate deposits	(75)	(55)
Investments in available-for-sale financial assets	(11,057)	(8,735)
Redemption of available-for-sale financial assets	10,091	6,846
Net cash used in investing activities	**(1,919)**	**(2,306)**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	322	144
Interest paid on loans	(11)	(5)
Proceeds from working capital loans	719	410
Repayment of loans and borrowings	(941)	(5)
Dividends paid (including distribution tax)	(214)	(176)
Net cash provided by/ (used in) financing activities	**(125)**	**368**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30	21
Net increase in cash and cash equivalents	639	105
Cash and cash equivalents at the beginning of the year	477	372
Cash and cash equivalents at the end of the year (Note 9)	**1,116**	**477**

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

Notes to the unaudited consolidated financial statements

(Rupees in million, 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, and Mindtree Software (Shanghai) Co. Ltd, 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, Malaysia and Republic of China. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. These unaudited consolidated annual financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on April 22, 2013.

2. Basis of preparation of financial statements

(a) Statement of compliance

These unaudited consolidated financial statements as at and for the year ended March 31, 2013 have been prepared in accordance with the International Financial Reporting Standards and its interpretations ("IFRS") issued by the International Accounting Standards Board ("IASB").

These unaudited consolidated financial statements have been prepared on the basis of relevant IFRS that are effective at the reporting date March 31, 2013.

(b) Basis of measurement

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

i. Derivative financial instruments; and

ii. Available-for-sale financial assets;

(c) Functional and presentation currency

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

(d) Use of estimates and judgement

The preparation of the unaudited 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 unaudited consolidated financial statements is included in the following notes:

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

ii) Income taxes: the Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Also refer to Note 16.

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 unaudited 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 unaudited consolidated based on an evaluation of the substance of its relationship with the Company and the SPE's risks and rewards. SPEs controlled by the Company were established under terms that impose strict limitations on the decision- making powers of the SPE's management and that result in the Company receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(ii) Functional and presentation currency

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

(iii) Foreign currency transactions and balances

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

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

(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 unaudited consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of income.

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

(vi) Business combination, Goodwill and Intangible assets

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

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

a) **Goodwill**

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

b) **Intangible assets**

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

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

(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) Government grants

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

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received.

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

(xvii) 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:

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. 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).

5. Property, plant and equipment

Particulars	Land	Building	Computer systems*	Furniture, fixtures and equipment	Vehicles	Total
Gross carrying value:						
As at April 1, 2011	97	1,626	1,544	1,959	3	5,229
Additions	-	-	143	138	-	281
Disposal/adjustments	-	-	49	35	1	85
As at March 31, 2012	97	1,626	1,638	2,062	2	5,425
Accumulated depreciation/impairment:						
As at April 1, 2011	3	174	1,221	1,129	1	2,528
Depreciation	1	58	249	369	1	678
Disposal/adjustments	-	-	49	35	-	84
As at March 31, 2012	4	232	1,421	1,463	2	3,122
Capital work-in-progress						85
Net carrying value as at March 31, 2012	**93**	**1,394**	**217**	**599**	**-**	**2,388**
Gross carrying value:						
As at April 1, 2012	97	1,626	1,638	2,062	2	5,425
Additions	-	-	364	262	-	626
Disposal/adjustments	-	-	6	33	-	39
As at March 31, 2013	97	1,626	1,996	2,291	2	6,012
Accumulated depreciation/impairment:						
As at April 1, 2012	4	232	1,421	1,463	2	3,122
Depreciation	1	57	221	323	-	602
Disposal/adjustments	-	-	5	30	-	35
As at March 31, 2013	5	289	1,637	1,756	2	3,689
Capital work-in-progress						571
Net carrying value as at March 31, 2013	**92**	**1,337**	**359**	**535**	**-**	**2,894**

*Computer systems includes software.

The depreciation expense for the year ended March 31, 2013 and March 31, 2012 is included in the following line items in the statement of income.

Particulars	Year ended March 31,	
	2013	2012
Cost of revenues	548	617
Selling, general and administrative expenses	54	61
Total	**602**	**678**

The carrying value of land includes ₹ 59 and ₹ 60 as at March 31, 2013 and March 31, 2012 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 ₹ 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.

6. Intangible assets

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

Particulars	Intellectual Property
Gross carrying value:	
As at April 1, 2011	67
Additions	-
Disposal/adjustments	-

Particulars	Intellectual Property
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
Capital work-in-progress	
Net carrying value as at March 31, 2012	**42**
Gross carrying value:	
As at April 1, 2012	67
Additions	-
Disposal/adjustments	-
As at March 31, 2013	67
Accumulated amortisation/impairment:	
As at April 1, 2012	25
Amortisation	14
Disposal/adjustments	-
As at March 31, 2013	39
Capital work-in-progress	-
Net carrying value as at March 31, 2013	**28**

The amortisation expense for the year ended March 31, 2013 and March 31, 2012 is included in the following line items in the statement of income.

Particulars	Year ended March 31,	
	2013	2012
Cost of revenues	13	12
Selling, general and administrative expenses	1	1
Total	**14**	**13**

7. 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,	
	2013	2012
Non-current		
Investment in unlisted equity securities and mutual funds		
Cost	231	8
Gross unrealised holding gains	4	3
Fair value	235	11
Current		
Investment in liquid and short term mutual funds		
Cost	3,628	2,751
Gross unrealised holding gains	82	52
Fair value	3,710	2,803
Total available-for-sale financial assets	**3,945**	**2,814**

Net change in fair value of available-for-sale financial assets reclassified to the statement of income was ₹ 47 and ₹ 15 for the year ending March 31, 2013 and March 31, 2012 respectively.

8. Trade receivables

Particulars	As at March 31,	
	2013	2012
Trade receivables	4,554	4,117
Allowance for doubtful accounts receivable	(46)	(40)
Total	**4,508**	**4,077**

9. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Particulars	As at March 31,	
	2013	2012
Cash balances	-	-
Current and time deposits with banks	1,252	602
Cash and cash equivalents on statement of financial position	**1,252**	**602**
Book overdrafts used for cash management purposes	(136)	(125)
Cash and cash equivalents in the cash flow statement	**1,116**	**477**

Balance with banks amounting to ₹ 4 and ₹ 4 as of March 31, 2013 and March 31, 2012 included above represents amount pledged with statutory and other authorities as margin money and unpaid dividends and are therefore restricted.

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

10. Other assets

Particulars	As at March 31, 2013	As at March 31, 2012
Non-current		
Capital advances	127	102
Security deposits	481	490
Prepaid expenses	179	202
Others	64	-
	851	**794**
Current		
Interest bearing deposits with corporates	400	325
Prepaid expenses	368	309
Advance to employees	207	150
Advance to suppliers	145	19
Interest accrued and not due	29	17
Deposits	115	34
Others	84	38
	1,348	**892**
Total	**2,199**	**1,686**

11. Loans and borrowings

A summary of loans and borrowings is as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Non-current		
Unsecured long-term loan	24	26
	24	26
Current		
Current portion of unsecured long-term loan and borrowings	5	5
Secured bank loans	217	407
Bank overdraft	136	125
	358	537
Total	**382**	**563**

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, the Company has repaid packing credit loans of USD 8 million and availed additional packing credit loan of USD 4 million. These packing credit loans are secured against the trade receivables of the Group. As at March 31, 2013, the Company has outstanding packing credit loan of USD 4 million (As at March 31, 2012: USD 8 million). The Company has taken forward exchange contracts with respect to this loan.

12. Trade payables and accrued expenses

Trade payables and accrued expenses consist of the following:

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables	294	137
Accrued expenses	556	612
Total	**850**	**749**

13. Other liabilities and provisions

Particulars	As at March 31,	
	2013	2012
Non-current		
Interest accrued but not due on borrowings	-	1
Others	63	43
	63	**44**
Current		
Interest accrued but not due on borrowings	2	2
Advances from customers	42	69
Employee and other liabilities	1,023	847
Statutory dues payable	238	158
Other liabilities	12	8
	1,317	**1,084**
Total	**1,380**	**1,128**
Provisions		
Provision for discount	145	109
Provision for post contract support services	3	5
Others	57	53
Total	**205**	**167**

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,	
	2013	2012
Balance as at beginning of the year	5	5
Released during the year	(2)	-
Provision as at the end of the year	3	5

Provision for discount

Particulars	Year ended March 31,	
	2013	2012
Balance as at beginning of the year	109	49
Provisions made during the year	144	87
Utilisations during the year	(95)	(27)
Released during the year	(13)	-
Provision as at the end of the year	145	109

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,	
	2013	2012
Balance as at beginning of the year	53	2
Provisions made during the year	8	61
Utilisations during the year	(4)	(10)
Provision as at the end of the year	57	53

14. Employee benefit obligations

Employee benefit obligations comprises of following:

Particulars	As at March 31,	
	2013	2012
Gratuity	11	1
Compensated absences	262	228
Total	**273**	**229**

15. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2013 is as follows:

Particulars	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Assets						
Trade Receivables	-	4,508	-	-	4,508	4,508
Unbilled Revenue	-	637	-	-	637	637
Available-for-sale financial assets	-	-	3,945	-	3,945	3,945
Cash and cash equivalents	-	1,252	-	-	1,252	1,252
Derivative assets	181	-	-	-	181	181
Other assets	-	1,241	-	-	1,241	1,241
Total assets	**181**	**7,638**	**3,945**	**-**	**11,764**	**11,764**
Liabilities						
Loans and borrowings	-	-	-	382	382	382
Trade payables and accrued expenses	-	-	-	850	850	850
Derivative Liabilities	13	-	-	-	13	13
Other liabilities	-	-	-	1,305	1,305	1,305
Total liabilities	**13**	**-**	**-**	**2,537**	**2,550**	**2,550**

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**

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, 2013 and March 31, 2012:

Particulars	As of March 31, 2013	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Available-for-sale financial asset-Investments in mutual fund units	3,932	3,932		
Available-for-sale financial asset-Investments in unlisted equity securities	11			11
Derivatives financial instruments-gain on outstanding foreign exchange forward and option	181		181	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	13		13	

Particulars	As of 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 mutual fund units	2,803	2,803		
Available-for-sale financial asset-Investments in unlisted equity securities	11			11
Derivatives financial instruments-gain on outstanding foreign exchange forward and option	36		36	
Liabilities				
Derivatives financial instruments-loss on outstanding foreign exchange forward and option	597		597	

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2013.

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	As at March 31,	
	2013	2012
Balance at the beginning of the year	11	9
Add: total gain recognised in other comprehensive income	-	2
Balance at the end of the year	11	11

Income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

Particulars	Year ended March 31,	
	2013	2012
Income from available-for-sale financial assets	261	92
Interest income on deposits	94	84
Interest expense	(12)	(7)

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:

Particulars	As at March 31,	
	2013	2012
Designated derivative instruments (Sell) In US $	113	113
In Euro	11	9
Non-designated derivative instruments (Sell) In US $	-	29
In Euro	-	-
Non-designated derivative instruments (Buy) In US $	4	8

The Company recognised a net foreign exchange gain on derivative financial instruments of ₹ 303 and ₹ 4 for the year ended March 31, 2013 and 2012, 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 gain of ₹ 355 and a loss of ₹ 282 in other comprehensive income (net of taxes) as a component of equity for the year ended March 31, 2013 and March 31, 2012 respectively.

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at March 31,	
	2013	2012
Balance at the beginning of the year	(250)	81
Net (gain)/loss reclassified into the statement of income on occurrence of hedged transactions	250	(92)
Changes in fair value of effective portion of derivatives	173	(239)
Balance at the end of the year	173	(250)

As at March 31, 2013 and March 31, 2012 there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

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

Particulars	As at March 31,	
	2013	2012
Designated derivative instruments (Sell)		
Not later than 1 month	13	8
Later than 1 month but not later than 3 months	25	16
Later than 3 months but not later than 1 year	89	101
Later than 1 year	-	-
Non-designated derivative instruments (Sell)		
Not later than 1 month	-	5
Later than 1 month but not later 3 months	-	8
Later than 3 months but not later 1 year	-	17
Later than 1 year	-	-

Financial risk management

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

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,	
	2013	2012
Revenue from top customer	1,876	1,338
Revenue from top 5 customers	7,836	5,518

No single customer accounted for more than 10% of the receivables and revenues for the year March 31, 2013 and March 31, 2012 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, ₹ 3,716 and ₹ 3,608 as of March 31, 2013, and March 31, 2012, 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:

Period (in days)	As at March 31,	
	2013	2012
Past due 0-30 days	378	203
Past due 30-60 days	108	121
Past due 60-90 days	41	63
Past due over 90 days	265	82
Total past due and not impaired	**792**	**469**

The allowance for impairment in respect of trade receivables for the year ended March 31, 2013 and March 31, 2012 was ₹ 28 and ₹ 50 respectively. The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at March 31,	
	2013	2012
Balance at the beginning of the year	40	35
Additions during the year	28	50
Trade receivables written off	(22)	(45)
Balance at the end of the year	46	40

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,	
	2013	2012
Cash and cash equivalents	1,252	602
Available-for-sale investments	3,710	2,803
Interest bearing deposits with corporates	400	325
Total	**5,362**	**3,730**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2013 and March 31, 2012:

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

Particulars	As at March 31, 2012		
	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	-	-

Foreign Currency risk

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

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

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

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

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 ₹ 69 increase/decrease in the Company's hedging reserve and an approximately ₹ Nil increase/decrease in the Company's net profit as at March 31, 2013;

b) an approximately ₹ 63 increase/decrease in the Company's hedging reserve and an approximately ₹ 17 increase/decrease in the Company's net profit as at March 31, 2012; and

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2013 and March 31, 2012.

As of March 31, 2013

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

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

As of 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

For the year ended March 31, 2013 and 2012 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.37 % and 0.58% 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 7, 10 and 11 above.

16. Income taxes

Income tax expense in the statement of income consists of:

Particulars	Year ended March 31, 2013	2012
Current taxes		
Domestic	673	278
Foreign	214	256
Total	**887**	**534**
Deferred taxes		
Domestic	(18)	(62)
Foreign	(22)	(42)
Total	**(40)**	**(104)**
Grand total	**847**	**430**

Tax expenses for the year ended March 31, 2013, includes a credit of ₹ 97 pertaining to earlier years.

Similarly, tax expense for the year ended March 31, 2012 includes a charge of ₹ 37 relating to earlier periods in a foreign jurisdiction.

Income tax expense has been allocated as follows:

Particulars	Year ended March 31, 2013	2012
Income tax expense as per the statement of income	847	430
Income tax included in other comprehensive income on:		
- unrealised gains on available-for-sale financial assets	10	6
- gains/(losses) on cash flow hedging derivatives	68	(48)
	78	(42)
Total	**925**	**388**

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,	
	2013	2012
Profit before tax	4,064	2,614
Enacted income tax rate in India	32.45%	32.45%
Computed expected tax expense	1,319	848
Effect of:		
Income exempt from tax	(501)	(570)
Temporary differences reversed during the tax holiday period	(3)	15
Expenses disallowed for tax purposes	69	13
Foreign Tax (Net)	63	106
Tax reversals	(101)	10
Others	1	8
Total income tax expense	**847**	**430**

The tax rate under Indian Income Tax Act, for the year ended March 31, 2013 and 2012 is 32.45%.

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

Particulars	As at March 31,	
	2013	2012
Unused tax losses (long term capital loss) which expire in		
- FY 2015-16	1	1
- FY 2016-17	3	3
- FY 2018-19	163	163
- FY 2019-20	34	-
Unused tax losses of foreign jurisdiction	221	168

The components of deferred tax assets are as follows:

Particulars	As at March 31,	
	2013	2012
Property, plant and equipment	215	222
Allowances for doubtful accounts receivable	10	6
Compensated absences	84	39
Others	51	54
	360	321
Minimum alternate tax	165	246
Cash flow hedges	(37)	31
Available for sale financial assets	(18)	(8)
Total deferred tax assets (net)	**470**	**590**

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 ₹ 165 and ₹ 246 has been recognized in the statement of financial position as of March 31, 2013 and March 31, 2012 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.

17. 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 ₹ 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 ₹ 10/-.

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

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

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

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

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2013 and March 31, 2012 was ₹ 4.5 and ₹ 3.75 respectively.

The Board of Directors has proposed a second interim dividend and final dividend of ₹ 4 and ₹ 5 per equity share respectively for the year ended March 31, 2013. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 19, 2013 and if approved, would result in a cash outflow of approximately ₹ 434, inclusive of corporate dividend tax of ₹ 61.

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 ₹ 87 is not freely available for distribution.

c) Share based payment reserve

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

d) Cash flow hedging reserve

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

e) Other reserve

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

Capital Management

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

The capital structure is as follows:

Particulars	As at March 31,	
	2013	2012
Total equity attributable to the equity share holders of the Company	13,622	9,747
As percentage of total capital	97%	95%
Current loans and borrowings	358	537
Non-current loans and borrowings	24	26
Total loans and borrowings	**382**	**563**
As a percentage of total capital	3%	5%
Total capital (loans and borrowings and equity)	**14,004**	**10,310**

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.

18. Expenses by nature

Particulars	Year ended March 31,	
	2013	2012
Employee benefits	14,308	12,159
Depreciation and amortisation charges	617	691
Recruitment, staff welfare and training expenses	438	322
Travel and conveyance	935	1,103
Communication expenses	282	172
Sub-contractor charges/Outsourced technical services/software purchases	958	731
Consumables/maintenance and repairs	449	402
Post contract support services	(1)	-
Power and fuel	206	183
Lease rentals/charges	583	483
Printing and stationery	16	13
Advertisement	21	8
Bank charges	11	9

Particulars	Year ended March 31,	
	2013	2012
Rates, taxes and insurance	92	124
Marketing expenses	181	142
Legal and professional expenses	265	233
Provision for doubtful accounts receivable	28	50
Others	107	75
Total cost of revenues, selling, general and administrative expenses	**19,496**	**16,900**

19. Employee benefits

a) Employee costs include

Particulars	Year ended March 31,	
	2013	2012
Salary and allowances	13,029	11,227
Defined benefit plan - Gratuity cost	65	28
Contribution to provident and other funds	1,042	905
Share based compensation	172	(1)
Total	**14,308**	**12,159**

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

Particulars	Year ended March 31,	
	2013	2012
Cost of revenues	12,086	10,161
Selling, general and administrative expenses	2,222	1,998
Total	**14,308**	**12,159**

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,	
	2013	2012
Gratuity cost		
Service cost	62	41
Interest cost	19	19
Expected return on plan assets	(23)	(19)
Actuarial (gain)/loss	7	(13)
Net gratuity cost	**65**	**28**
Actual Return on plan assets	24	56
Assumptions		
Interest rate	7.96%	8.54%
Expected rate of return on plan assets	8%	7.50%
Salary increase	6%	6%
Attrition rate	13.38%	18.2%
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,	
	2013	2012
Change in projected benefit obligations		
Obligations at the beginning of the year	276	265
Service cost	62	41
Interest cost	19	19
Benefits settled	(41)	(74)
Actuarial (gain)/loss	8	25
Obligations at end of the year	**324**	**276**
Change in plan assets		
Plan assets at the beginning of the year, at fair value	275	257
Expected return on plan assets	23	19
Actuarial gain/(loss)	1	38
Contributions	55	35
Benefits settled	(41)	(74)
Plan assets at the end of the year, at fair value	**313**	**275**

Historical Information: -

Particulars	Year ended March 31,				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	(324)	(276)	(265)	(229)	(175)
Fair Value of Plan	313	275	257	227	168
Asset/ (liability) recognised	(11)	(1)	(8)	(2)	(7)

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,	
	2013	2012
Experience adjustment on plan liabilities	8	25
Experience adjustment on plan assets	1	38

The company expects to contribute ₹ 55 to its defined benefit plans during the year ending March 31, 2014.

As at March 31, 2013 and 2012, 100% of the plan assets were invested in insurer managed funds.

20. Finance and other income

Particulars	Year ended March 31,	
	2013	2012
Interest income	94	84
Gain on sale of available-for-sale financial assets	133	27
Gain on sale of property, plant and equipment	5	1
Dividend income	128	65
Others	20	42
Total	**380**	**219**

21. 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, 2013		Year ended March 31, 2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	40,974,712	40,974,712	40,295,202	40,295,202
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	521,584	-	67,957
Weighted average number of equity shares for calculation of earnings per share	40,974,712	41,496,296	40,295,202	40,363,159

22. 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 ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 10 each.

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

Options under this program have been granted to independent directors at an exercise price periodically determined by the Compensation Committee. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of ₹ 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 by the Group from the BSE and NSE for 1,135,000 equity shares of ₹ 10 each. No options have been granted under the program as at March 31, 2013.

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

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

Activities in various programs as explained above during the year ended March 31, 2013 and March 31, 2012 are set out below:

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Program 1:				
Outstanding at the beginning	4,000	10	4,088	10
Forfeited during the year	-	-	-	-
Lapsed during the year	3,500	10	-	-
Exercised during the year	500	10	88	10
Outstanding at the end	-	-	4,000	10
Exercisable at the end	-	-	4,000	10
Program 2:				
Outstanding at the beginning	79,367	50	126,763	50
Forfeited during the year	-	-	-	-
Lapsed during the year	5,612	50	7,272	50
Exercised during the year	25,837	50	40,124	50
Outstanding at the end	47,918	50	79,367	50
Exercisable at the end	47,918	50	79,367	50
Program 3:				
Outstanding at the beginning	-	-	83,548	250
Forfeited during the year	-	-	35	250
Lapsed during the year	-	-	38,255	250
Exercised during the year	-	-	45,258	250
Outstanding at the end	-	-	-	-
Exercisable at the end	-	-	-	-
Program 4:				
Outstanding at the beginning	1,349,038	380	2,308,946	357
Option Granted during the year	-	-	110,000	444
Forfeited during the year	41,000	508	174,145	402
Lapsed during the year	97,528	383	486,768	337
Exercised during the year	905,860	337	408,995	309
Outstanding at the end	304,650	491	1,349,038	380
Exercisable at the end	115,225	501	1,013,388	349
Program 5:				
Outstanding at the beginning	124,803	390	150,218	395
Forfeited during the year	-	-	-	-
Lapsed during the year	2,118	171	24,477	425
Exercised during the year	14,437	405	938	162
Outstanding at the end	108,248	393	124,803	390
Exercisable at the end	108,248	393	124,803	390

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of Share options	Weighted average Exercise Price	Number of Share options	Weighted average Exercise Price
Program 6: DSOP				
Outstanding at the beginning	151,667	495	165,000	484
Option Granted during the year	20,000	556	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	36,667	259	13,333	355
Outstanding at the end	135,000	559	151,667	495
Exercisable at the end	76,667	560	75,001	413
ERSP 2012				
Outstanding at the beginning	-	-	-	-
Option Granted during the year	7,831	10	-	-
Forfeited during the year	-	-	-	
Lapsed during the year	-	-	-	-
Exercised during the year	7,831	10	-	-
Outstanding at the end	-	-	-	-
Exercisable at the end	-	-	-	-

The weighted average share price of options exercised during the year ended March 31, 2013 and March 31, 2012 were ₹ 684.80 and ₹ 394.05 respectively.

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

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

The table below summarizes information about share options outstanding as of March 31, 2012:

Particulars	Options outstanding		
	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in ₹)
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	240-580
Program 5	124,803	4.20	77-478
DSOP 2006	151,667	2.23	238-560

During the year ended March 31, 2013, 20,000 options under DSOP were granted by the Company.

The weighted average fair value of each option of Mindtree, granted during the year ended March 31, 2013 was ₹ 393.56 using the Black-Scholes model with the following assumptions:

Grant date share price	₹ 556
Exercise price	₹ 556
Dividend yield%	0.18%
Expected life	3 - 5 years
Risk free interest rate	8.11%
Volatility	101.5%

23. 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, 2013 and March 31, 2012 was ₹ 172 and ₹ 100 respectively.

Future minimum lease payments under non-cancelable operating lease as at March 31, 2013 is as below:

Minimum lease payments	As at March 31,	
	2013	2012
Payable – Not later than one year	214	149
Payable – Later than one year and not later than five years	563	266
Payable – Later than five years	201	212

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, 2013 and March 31, 2012 was ₹ 251 and ₹ 254 respectively.

24. Related party transactions

Name of related party	Nature of relationship
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	These entities are part of Coffee Day Group which through various entities and its promoters holds 21% equity stake in Mindtree, and the group has a nominee on the Mindtree Board.
Tanglin Developments Limited ('TDL')	
Janalakshmi Financial Services Private Limited	Entity with common key management person

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	Year ended March 31,	
		2013	2012
Amalgamated Bean Coffee Trading Company Limited ('ABCTCL')	Procurement of supplies	13	16
Tanglin Developments Limited ('TDL')	Leasing office buildings and land (net)	310	296
	Advance paid:		
	- towards electricity deposit/charges	220	-
	- towards lease rentals	259	-
	Advance received back:		
	- towards electricity deposit/charges	108	-
	- towards lease rentals	147	-
	Interest on advance towards electricity charges	3	-

Balances payable to related parties are as follows:

Name of related party	As at March 31,	
	2013	2012
Tanglin Developments Limited	9	6

Balances receivable from related parties are as follows:

Name of related party	Nature of transaction	As at March 31,	
		2013	2012
Tanglin Developments Limited	Rental advance		
	- Current	112	-
	- Non-current	-	-
	Advance towards electricity charges		
	- Current	48	-
	- Non-current	64	-
	Security deposit returnable on termination of lease	345	345
	Interest accrued on advance towards electricity charges	3	-
Janalakshmi Financial Services Private Limited	Interest bearing deposits	-*	125

*Redeemed during the year including interest thereon.

Key managerial personnel:

Subroto Bagchi	Appointed as Chairman with effect from April 1, 2012
Dr. Albert Hieronimus	Appointed as Non-executive Vice Chairman with effect from April 1, 2012
N. Krishnakumar	CEO & Managing Director
S. Janakiraman	President & Chief Technology Officer
N S Parthasarathy*	President & COO
Anjan Lahiri*	President – IT Services
R. Srinivasan	Non-executive Director of Mindtree
V.G.Siddhartha	Non-executive Director of Mindtree
David B. Yoffie	Non-executive Director of Mindtree
Prof. Pankaj Chandra	Non-executive Director of Mindtree
Ramesh Ramanathan	Appointed as Non-executive Director of Mindtree with effect from May 2, 2012

*The Board elected Anjan Lahiri, as an additional Board member to hold office with effect from October 24, 2012 till the date of the next Annual General Meeting of the Group. The Board also elected N S Parthasarathy as an Alternate Director to S Janakiraman, with effect from October 22, 2012.

Transactions with key management personnel is as given below:

Key management personnel comprise directors and members of the executive council. Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2013 and March 31, 2012 have been detailed below:

Particulars	Year ended March 31,	
	2013	2012
Whole-time directors		
Salaries	24	17
Contribution to Provident fund	1	1
Bonus & Incentives	39	26
Reimbursement of expenses	4	3
Share-Based payments as per IFRS2 -	-	
Total Remuneration	**68**	**47**
Non-whole-time directors		
Commission	28	26
Director Fees	-	-
Total Remuneration	**96**	**26**

25. Commitments and contingencies

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2013 and March 31, 2012 is ₹ 470 and ₹ 420.

b) The Group has received income tax assessment for the financial year 2008-09 wherein demand of ₹ 24 million 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.

c) 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 ₹ 11 and ₹ 10 on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.

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 wherein demand of ₹ 91, ₹ 49, ₹ 61, ₹ 28, ₹ 58, ₹ 119 and ₹ 214 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 appellate authorities and accordingly the Group has filed appeals before the Commissioner of Income Tax (Appeals) and ITAT. The Group has deposited ₹ 15 with the department against these demands.

During the current year, the Group has received draft assessment order under Section 143(3) of the Income Tax Act 1961 for the financial year 2008-09 wherein demand of ₹ 65 has been raised on account of transfer pricing adjustments and the Group is in the process of filing an appeal before the Dispute Resolution Panel.

The Group had received a favourable order from the Commissioner of Income Tax (Appeals) for the year 2001-02 where in the Commissioner of Income Tax (Appeals) has accepted the Group's contentions and quashed the demand raised. The Income tax department had appealed against the above mentioned order with ITAT. ITAT, 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 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.

During the current year, the Hon'ble High Court of Karnataka has dismissed the appeal filed against the order of ITAT and upheld the order passed by the ITAT and accordingly the case is pending before assessing officer for re-assessment.

The Group had appealed against the demands received for financial years 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 financial statements.

e) 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 ₹ 39 on account of certain other disallowances/ transfer pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group has filed an appeal with Commissioner of Income Tax (Appeals) against the demand received. The Group has deposited ₹ 5 with the department against this demand.

26. 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.

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 the year ended March 31, 2013	IT Services	PE Services	Total
Revenues	16,359	7,173	23,532
Operating expenses, net	13,300	5,571	18,871
Segmental operating income	**3,059**	**1,602**	**4,661**
Unallocable expenses			965
Profit for the year before finance expense, finance and other income and tax			**3,696**
Finance expense			(12)
Finance and other income			380
Profit before tax			**4,064**
Income tax expense			(847)
Profit after tax			**3,217**

Consolidated statement of income for the 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 tax			**2,180**

Geographical segments

Revenues	Year ended March 31,	
	2013	2012
America	13,329	11,054
Europe	6,944	5,013
India	1,462	1,487
Rest of World	1,797	1,545
Total	**23,532**	**19,099**

Major customers: No client individually accounted for more than 10% of the revenues for the year ended March 31, 2013 and March 31, 2012.

27. The Group has opened a new development center at Gainesville, Florida, US to broaden its IT and Software consulting offerings to its clients in the US. The state of Florida has offered various incentives targeted to the needs of the development center. The nature and the extent of the government grant is given below:

Nature of expenses	Year ended March 31,	
	2013	2012
Reimbursement of rent	2	-
Grant towards workforce training	4	-
Non-monetary grant of US$ 950,000 for renovation of project facility*	51	-
Total	**57**	-

*The aforesaid grant is subject to fulfillment of certain conditions such as creation of minimum employment with specified average salary and capital investment at the new development center at Gainesville, Florida, US.

Global presence

India

Bengaluru
Mindtree Ltd.
Global village, RVCE post
Mysore road
Bengaluru - 560 059
Karnataka, India
Ph: +91 80 6706 4000
Fax: +91 80 6706 4100

Bengaluru
Mindtree Ltd.
Plot no. 150,
EPIP second phase
KIADB industrial area
Hoody village, Whitefield
Bengaluru - 560066
Karnataka, India
Ph: +91 80 6747 0000
Fax: +91 80 6747 3562

New Delhi
Mindtree Ltd.
A-1, second floor
Sector 10
Noida - 201301
Uttar Pradesh, India
Ph: +91 120 244 3210/11

Pune
Mindtree Ltd.
Rajiv Gandhi infotech &
biotech park,
Plot no.37 phase 1
MIDC, Hinjewadi
Pune – 411 057
Maharashtra, India
Ph: +91 20 3915 6000
Fax: +91 20 3915 6186

Chennai
Mindtree Ltd.
TP2/2, CyberVale
Mahindra world city SEZ
Kanchipuram district
Chennai - 603002
Tamilnadu, India
Ph: +91 44 6749 7000
Fax: +91 44 6749 7100

Chennai
Mindtree Ltd.
5th Floor, Hardy block,
TRIL infopark ltd.,
Ramanujan IT city SEZ,
Rajiv Gandhi salai, Taramani
Chennai – 600113
Tamilnadu, India
Ph: +91 44 3371 1100
Fax: +91 44 3371 1000

Hyderabad
Mindtree Ltd.
Divyasree orion
B-6, Survey no-66/1
Raidugam, RR district
Hyderabad – 500 032
Andhra Pradesh, India
Ph: +91 40 6723 0000
Fax: +91 40 6723 0100

North America

New Jersey
Mindtree Ltd.
15 Independence blvd.
Suite 410
Warren, NJ 07059
USA
Ph: +1 908 604 8080
Fax: +1 908 604 7887

Florida
Mindtree Delivery Center
720 SW 2nd Avenue
South Tower
Gainesville, FL 32601
USA
Ph: +1 352 702 4565
Fax: +1 352 433 4080

Illinois
Mindtree Ltd.
1901 N. Roselle road
Suite 800
Schaumburg, IL 60195
USA
Ph: +1 847 592 7044
Fax: +1 847 592 7043

Texas
Mindtree Ltd.
320 Decker drive
100
Irving, TX 75063
USA
Ph: +1 972 422 9113

Arizona
Mindtree Ltd.
19820 N. 7th Ave.
Suite 135
Phoenix, AZ 85027-4736
USA
Ph: +1 480 499 3145
Ph: +1 602 535 2257
Toll free: 1 800 239 4110

Washington
Mindtree Ltd.
2375 130th Ave NE
Suite 101
Bellevue, WA 98005
USA
Ph: +1 425 867 3900
Fax: +1 425 861 8151

California
Mindtree Ltd.
2001 Gateway place
Suite 700 W
San Jose, CA 95110
USA
Ph: +1 408 986 1000
Fax: +1 408 986 0005

Canada
Mindtree Limited
Bay and Bloor Centre 1235
Bay Street
Suite 400 Toronto Ontario
M5R 3K4
Canada

Europe

United Kingdom
Mindtree Ltd.
288 Bishopsgate
EC2M 4QP, London
United Kingdom
Ph: +44 20 3178 8643
Fax: +44 20 7959 3030

Germany
Mindtree Ltd.
Richmodstrasse 6
50667 Cologne
Germany
Ph: +49 221 9204 2233
Fax: +49 221 9204 2200

Belgium
Mindtree Ltd.
Pegasuslaan 5
1831, Diegem
Belgium
Ph: +32 2709 2055
Fax: +32 2709 2222

Sweden
Mindtree Ltd.
Svetsarvägen 15 2tr
17141, Solna
(Stockholm)
Sweden
Ph: +46 8 5787 7020
Fax +46 8 5787 7010

France
Mindtree Ltd
La Grande Arche
Paroi Nord
92044, Paris
France
Ph: +33 (0)1 7329 4524
Fax: +33 (1) 7329 4500

Switzerland
Mindtree Ltd.
c/o Paramis AG
Muehlengasse 2
4410 Liestal
Switzerland
Ph: +41 5 2269 1400
Fax: +41 5 1269 1401

Netherlands
Mindtree Ltd.
Koningin Juliana Plein 10,
2595 AA , Den Haag
Netherlands
Ph: +31 7 0891 8475
Fax: +31 7 0891 8433

Asia Pacific

UAE
Mindtree Ltd.
423, Block A, 5W
DAFZA
PO Box 293858
Dubai, UAE
Ph: +971 4260 2400
Fax: +971 4260 2401

Singapore
Mindtree Ltd.
17 Changi Business Park
Central 1, #05 - 03
Honeywell Building
Changi business Park
Singapore 486073
Singapore
Ph: +65 6323 8135
Fax: +65 6323 1795

Australia
Mindtree Ltd.
Level 26, 44 Market
st. Sydney, NSW
2000 Australia
Ph: +61 (2)
9089 8970/71

Level 40, 140 William
Street
Melbourne, VIC 3000

Japan
Mindtree Ltd.
2-21-7-703, Kiba,
Koto-ku,
Tokyo, 135-0042
Japan
Ph: +81 3 5809 8444
Fax: +81 3 5809 8445

China
Mindtree Software
(Shanghai) Co., Ltd
Room 541, Standard
Chartered Tower, No.201
Century Avenue, Pudong,
Shanghai, China.
Ph: +86-21-6182 6987
Fax: +86-21-61826777

Notice of the Fourteenth Annual General Meeting

NOTICE is hereby given that the fourteenth Annual General Meeting of the Members of Mindtree Limited will be held on Friday, July 19, 2013 at 10.00 a.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore -560 001, Karnataka, India, to transact the following business as:

Ordinary Business:

1. To receive, consider, approve and adopt the audited balance sheet as at March 31, 2013, the audited profit & loss account and the audited cash flow statement for the year ended on that date together with the reports of Auditors and Directors thereon.
2. To confirm the payment of first interim dividend of 30%, second interim dividend of 40% and to declare an additional final dividend of 50% for the financial year ended March 31, 2013 on equity shares.
3. To appoint a Director in place of Prof. David B. Yoffie, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Pankaj Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ramesh Ramanathan, 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 fourteenth Annual General Meeting until the conclusion of the fifteenth Annual General Meeting and to authorize the Board of Directors or a Committee thereof, to fix their remuneration. The retiring Auditors, B S R & Co., Chartered Accountants with Firm registration number 101248W are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

   "RESOLVED THAT *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 the fourteenth Annual General Meeting to the conclusion of the fifteenth 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. **Approval of appointment and remuneration of Mr. Anjan Lahiri as an Executive Director**

   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, 310, 314,349 & 350 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and subject to the approval of the Central Government, if any and such other consents and permission as may be necessary, and subject to such modifications, variations as approved and acceptable to Mr. Anjan Lahiri and the Company, the consent of the Shareholders of the Company be and is hereby accorded for the appointment of Mr. Anjan Lahiri as an Executive Director of the Company for the period from October 24, 2012 to May 6, 2013, payment of remuneration for the aforesaid period on the terms and conditions approved by the Compensation Committee and the appointment be upon terms and conditions as set out in the existing employment contracts and as stated in the explanatory statement.*

   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 *wherever in any Act, Articles, Contract or otherwise it has been provided that any item relating to above matters shall have express approval of the Shareholders of the Company or the Company could carry out that transaction/activity only if the Shareholders so authorizes, then and in that case this resolution hereby expressly authorizes and approves those transactions and it shall be deemed that such transactions/activities have been approved and permitted without any further action from the Shareholders.*

   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 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 6, 2013

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 16, 2013 to July 19, 2013 (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 also be made available at the venue of the fourteenth 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 fourteenth Annual General Meeting and also 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 fourteenth 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 fourteenth 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 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, DP ID and Client ID 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, 2013 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. 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, 2013 to those Members whose names appear on the Register of Members as on July 16, 2013.
16. Any Member(s) who require any special assistance of any kind at the venue of the fourteenth Annual General Meeting are requested to send details of their special needs in writing to the Company Secretary at rajesh_narang@mindtree.com, at least three days before the date of the fourteenth Annual General Meeting.

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director or re-appointment of Directors

1. Prof David B. Yoffie - Independent Director

Professor David B. Yoffie is the Max and Doris Starr Professor of International Business Administration at Harvard Business School (HBS). Professor Yoffie's research and consulting have focused on competitive strategy, technology and international competition. Besides his role at HBS, he is also on the Board of Directors of Intel Corporation, TiVo Inc., Financial Engines Inc., and HTC Corporation.

Professor Yoffie's writings on Business Strategy and Technology have been widely published. He is the author / editor of eight books, including Judo Strategy (Harvard Business School Press, 2001), which has been translated into ten languages. The book explores strategic techniques for turning your competitors' strengths to your advantage. Professor Yoffie has written extensively for the New York Times, the Wall Street Journal and the Harvard Business Review. He is the author of numerous scholarly and managerial articles on international trade, firm strategy, and global competition in high technology industries.

Professor Yoffie has published more than 100 case studies on business strategy and international management issues, which have cumulatively sold more than 2,500,000 copies.

Directorship held in companies other than Mindtree for FY 2012-13.

Name of the Company/Firm/Body Corporate/ Private Limited Companies	Nature of Interest	Committee Name & Position
1) Intel Corporation	Director	Nominating and Governance Committee, Chairman Compensation Committee, Member
2) Financial Engines, Inc.,	Director	Nominating and Governance Committee, Member
3) TiVo Inc.,	Director	-
4) HTC Corporation	Director	-

Professor David B. Yoffie held 30,000 equity shares of ₹ 10/- each in the Company as on March 31, 2013.

2. Prof. Pankaj Chandra - Independent Director

Prof. Pankaj Chandra is a Professor of Operations and Technology Management and the Director at the Indian Institute of Management, Bangalore (IIM-B). A tenured faculty at McGill University, Montreal, between 1988 and 1995, Prof. Chandra taught at IIM-A since 1994 and has been with IIM-B since 2007.

Professor Chandra served as the founding Chairperson of the Centre for Innovation, Incubation & Entrepreneurship, IIM-A from May 1999 to April 2001 and from November 2006 to December 2007.

Professor Chandra's research and consulting are focused on Manufacture Management, Supply Chain Coordination, building Technological capabilities and Hi-tech entrepreneurship. His writings on Production and Operations Management and Technological Innovations have been widely published. He has lectured and consulted in many countries globally. He also serves on some key committees of Government of India on Higher Education as well as Industry.

He received his Bachelor of Technology degree from the Institute of Technology, Banaras Hindu University and a Ph.D. from the Wharton School, University of Pennsylvania.

Directorship held in companies other than Mindtree for FY 2012-13.

Name of the Company/Firm/Body Corporate/ Private Limited Companies	Nature of Interest	Committee Name & Position
1) Mazagaon Docks Ltd	Director	Remuneration Committee, Chairman
2) IIMB Innovations	Chairman	-

Prof. Pankaj Chandra did not hold any equity shares in the Company as on March 31, 2013.

3. Mr. Ramesh Ramanathan - Independent Director

Mr. Ramesh Ramanathan is a social entrepreneur and works on urban issues in India. He is a Co-Founder of the Janaagraha Centre for Citizenship and Democracy, a non-profit organization, focused on transforming the 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 Ramanathan works closely with the Government on urban issues on a pro-bono basis. 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, Ramesh Ramanathan worked in a leadership position at Citibank, North America.

Mr. Ramesh Ramanathan has an MS in Physics from BITS, Pilani and an MBA from Yale University. He was nominated as one of the Young Global Leaders by the World Economic Forum in 2007.

Directorship held in companies other than Mindtree for FY 2012-13.

Name of the Company/Firm/Body Corporate/ Private Limited Companies	Nature of Interest	Committee Name & Position
1) Crossdomain Solutions Pvt. Ltd.,	Director	-
2) Janalakshmi Social Services	Director	-
3) Janalakshmi Financial Services Pvt. Ltd.,	Director	i) Asset Liability Committee & Risk and Credit Committee, Chairman ii) Borrowing Committee, Chairman iii) HR & Compensation Committee, Chairman iv) Nomination Committee, Member
4) Janaadhar (India) Pvt. Ltd.,	Director	-
5) National Skill Development Corporation	Director	-

Mr. Ramesh Ramanathan did not hold any equity shares in the Company as on March 31, 2013.

Explanatory Statement - (Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

The Board of Directors of the Company on October 16, 2012 had co-opted and appointed Mr. Anjan Lahiri as an Additional Director and Executive Director. Pursuant to Section 260 of the Companies Act, 1956 (the Act), Mr. Anjan Lahiri could hold office up to the date of the fourteenth Annual General Meeting. Mr. Anjan Lahiri has resigned from the Board of Directors of the Company effective from May 06, 2013 and the Board has accepted his resignation from the said date.

4. Mr. Anjan Lahiri - Executive Director

Mr. Anjan Lahiri, aged about 47 years, headed Mindtree's IT services business globally and was part of the founding team of Mindtree and helped set up the Company's first office in New Jersey in August 1999. He then moved to San Jose in 2000 and headed Mindtree's West Coast operations. In 2003, Mr. Anjan Lahiri moved to London to start Mindtree's office in Europe. Under his leadership, Europe became a key pillar of Mindtree's growth and today contributes to nearly 30% of its total revenue. In 2008, Mr. Anjan Lahiri moved back to India and took up the responsibility as the head of IT Services globally.

Prior to Mindtree, Mr. Anjan Lahiri was a Director at Cambridge Technology Partners, a Boston based Information Technology company. Mr. Anjan Lahiri started his professional career with Wipro Infotech in 1987. By 1991, when he left to pursue higher studies in the US, he was a Territory Manager in Wipro's Kolkata office.

Mr. Anjan Lahiri received a B.Sc. in Electronics Engineering from the Birla Institute of Technology (BIT) in Ranchi, India. He has been recognized as distinguished alumni of BIT. He holds an MBA from the University of Florida, Gainesville, US where he graduated at the top of his class. He is a member of the International YPO (Young Presidents Organization).

Mr. Anjan Lahiri held 497,941 equity shares of ₹ 10/- each in the Company as on March 31, 2013.

Brief Terms of Managerial Remuneration to Anjan as an Executive Director:

Period from October 24, 2012 – May 6, 2013

Managerial Remuneration means, base salary, other benefits, commission based on net profits, variable incentive plans, 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) such that the 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 Act.

The total compensation for the period from October 24, 2012 – May 6, 2013 was ₹ 11,614,503 subject to all appropriate and/or authorized deductions.

The aggregate amounts of Managerial Remuneration to Mr. Anjan Lahiri individually has always been within the overall ceiling laid down in Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and is commensurate with the responsibility in a company of this size and extent of business operations.

Where, if in any financial year, the Company has no profits or its profits are inadequate, Anjan shall be entitled to receive the same 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.

Anjan did not suffer any of the disqualification prescribed under law and hence, has been qualified for appointment as Executive Director of the Company.

Section 269 read with Schedule XIII and other applicable provisions of the Act, requires Shareholders to approve the appointment and remuneration payable to the Whole-time-Directors.

Your Directors recommend the passing of the resolutions as specified in item no. 7 of the Notice convening the fourteenth Annual General Meeting.

None of the Directors other than Mr. Anjan Lahiri is interested or concerned in the above resolutions.

Agreements entered into between Mr. Anjan Lahiri 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.

By the order of the Board of Directors
for **Mindtree Limited**

Place : Bangalore
Date: May 6, 2013

Rajesh S Narang
Vice President – Legal & Company Secretary

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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 fourteenth Annual General Meeting of the Company held on Friday, July 19, 2013 at 10.00 a.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 entrance of the venue of the meeting, affixing their signature on them.
2. Members are informed that, no duplicate attendance slips will be issued at the venue of the meeting.

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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 fourteenth Annual General Meeting of the Company to be held on Friday, July 19, 2013 at 10.00 a.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:

Sr. No.	Resolutions	For	Against
1.	Adoption of accounts and reports thereon		
2.	Approval of first & second Interim Dividend and Final Dividend for FY-2012-13		
3.	Re-appointment of Director – Prof. David B Yoffie		
4.	Re-appointment of Director – Prof. Pankaj Chandra		
5.	Re-appointment of Director – Mr. Ramesh Ramanathan		
6.	Re-appointment of B S R & Co. as Statutory Auditors		
7.	Approval for appointment and remuneration of Mr. Anjan Lahiri, as an Executive Director		

Signed this .... day of .... 2013.

Member's Folio Number/Client ID No ....

Number of shares held ....

Name & address ....

....

Affix
Re. 1
revenue
stamp

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.

Mindtree Limited
Global Village, behind R V Engineering College
Mylasandra, Mysore Road
Bangalore - 560 059, Karnataka
Tel: +91 80 6706 4000