

MindTree Limited
Balance sheet

		(Rs in Million)	
	Schedule	As at March 31,	
		2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	400	395
Reserves and surplus	2	7,364	6,065
		<u>7,764</u>	<u>6,460</u>
Loan funds			
Unsecured loans	3	46	31
		<u>7,810</u>	<u>6,491</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	5,624	4,512
Less: Accumulated depreciation		(2,618)	(1,973)
Net block		<u>3,006</u>	<u>2,539</u>
Capital work-in-progress		28	242
		<u>3,034</u>	<u>2,781</u>
Investments	5	1,135	2,133
Deferred tax assets, net	15(8)	216	158
Current assets, loans and advances			
Sundry debtors	6	2,825	2,218
Cash and bank balances	7	440	349
Loans and advances	8	2,506	1,784
		<u>5,771</u>	<u>4,351</u>
Current liabilities and provisions			
Current liabilities	9	1,816	2,495
Provisions	10	530	437
Net current assets		<u>3,425</u>	<u>1,419</u>
		<u>7,810</u>	<u>6,491</u>
Significant accounting policies and notes to the accounts	15		

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

As per our report attached

For **B S R & Co.**

Chartered Accountants

Firm registration No. 101248W

For **MindTree Limited**

Supreet Sachdev
Partner
Membership No. 205385

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date : April 21, 2011

Place: Bangalore
Date : April 21, 2011

MindTree Limited
Profit and loss account

	Schedule	(Rs in Million except per share data)	
		For the year ended March 31,	
		2011	2010
Income from software development		15,090	12,332
Software development expenses	11	10,144	7,697
Administrative and other expenses	12	3,165	2,341
		<u>13,309</u>	<u>10,038</u>
Operating profit before interest, depreciation, other income and tax		1,781	2,294
Interest	13	4	25
Depreciation and amortisation	4 & 15(5)	712	611
Operating profit before tax and other income		1,065	1,658
Other income	14	461	804
Profit before tax		1,526	2,462
Provision for taxation		298	349
Deferred tax charge/ (credit)		(3)	32
Net profit after tax		1,231	2,081
Balance in profit and loss account brought forward		3,955	2,220
Amount available for appropriation		<u>5,186</u>	<u>4,301</u>
Dividend			
Interim		50	39
Proposed		50	79
Total dividend		<u>100</u>	<u>118</u>
Dividend tax		17	20
Amount transferred to general reserve		123	208
Balance in profit and loss account carried forward		<u>4,946</u>	<u>3,955</u>
Earnings per share	15(21)		
(Equity shares, par value Rs 10 each)			
Basic		30.93	53.04
Diluted		30.10	51.13
Weighted average number of shares used in computing earnings per share			
Basic		39,766,786	39,232,474
Diluted		40,865,268	40,697,655

Significant accounting policies and notes to the accounts 15

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

As per our report attached
For **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

For MindTree Limited

Supreet Sachdev
Partner
Membership No. 205385

Subroto Bagchi
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N. Krishnakumar
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MindTree Limited
Cash flow statement

(Rs in Million)
For the year ended March 31,
2011 **2010**

Cash flow from operating activities		
Profit before tax	1,526	2,462
Adjustments for :		
Depreciation and amortisation	712	611
Amortization of stock compensation	-	5
Interest expense	4	25
Interest / dividend income	(68)	(49)
(Profit)/Loss on sale of fixed assets	(1)	1
Profit on sale of investments	-	(11)
Gains on dissolution of subsidiaries	(221)	-
Exchange difference on derivatives	(136)	(981)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(4)	7
Operating profit before working capital changes	<u>1,812</u>	<u>2,070</u>
Decrease/ (increase) in sundry debtors	(454)	506
Decrease/ (increase) in loans and advances	(313)	(68)
Increase/ (decrease) in current liabilities and provisions	<u>(73)</u>	<u>273</u>
Net cash provided by operating activities before taxes	972	2,781
Income taxes and FBT paid	<u>(534)</u>	<u>(385)</u>
Net cash provided by operating activities	<u>438</u>	<u>2,396</u>
Cash flow from investing activities		
Purchase of fixed assets	(841)	(426)
Proceeds from sale of fixed assets	4	5
Purchase of business/acquisition	-	(292)
Investment in subsidiaries	-	(23)
Interest /dividend received from investments	60	49
Purchase of investments	(7,318)	(10,509)
Sale/maturities of investments	<u>7,710</u>	<u>10,199</u>
Net cash used in investing activities	<u>(385)</u>	<u>(997)</u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	139	94
Interest paid on loans	(2)	(25)
Repayment of term loans	-	(516)
Proceeds / (repayments) of other loans, net	15	(847)
Dividends paid (including distribution tax)	<u>(150)</u>	<u>(46)</u>
Net cash (used in)/ provided by financing activities	<u>2</u>	<u>(1,340)</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	4	(7)
Net (decrease)/ increase in cash and cash equivalents	59	52
Cash and cash equivalents of Aztecsoft Limited at the beginning of the year*	-	117
Cash and cash equivalents of MindTree Wireless Private Limited at the beginning of the year*	32	-
Cash and cash equivalents at the beginning of the period	<u>349</u>	<u>180</u>
Cash and cash equivalents at the end of the period**	<u>440</u>	<u>349</u>

*Refer Note 3 and 4 of Schedule 15

**Refer Schedule 7

As per our report attached
For **BSR & Co.**
Chartered Accountants
Firm registration No. 101248W

For **MindTree Limited**

Supreet Sachdev
Partner
Membership No. 205385

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Rostow Ravanan
Chief Financial Officer

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Place: Bangalore
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MindTree Limited
Schedules to the balance sheet

(Rs in Million)
As at March 31,
2011 **2010**

1. Share capital

Authorised capital

79,620,000 equity shares of Rs 10 each	796	796
(previous year 79,620,000 equity shares of Rs 10 each)		

Issued, subscribed and paid-up capital

40,035,187 equity shares of Rs 10 each fully paid	400	395
(previous year: 39,514,994 equity shares of Rs 10 each)		

(of the above equity shares, 1,300,965 equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 201.05 to the shareholders of erstwhile Aztecsoft Limited for consideration other than cash pursuant to the scheme of amalgamation)

	400	395
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For details of options, in respect of the above equity shares, refer to Note 7 of Schedule 15

2. Reserves and surplus

Capital reserve

At the commencement of the year	2	-
Additions during the year (Refer Note 27 of Schedule 15)	85	2
	87	2

Securities premium account

At the commencement of the year	1,535	2,543
Additions during the year		
Allotment of shares to shareholders of Aztecsoft Limited in accordance with the scheme of amalgamation (Refer Note 3 of Schedule 15)	-	262
On exercise of employee stock options	134	90
	1,669	2,895

Deductions during the year

Adjustment of goodwill arising on amalgamation of Aztecsoft Limited in accordance with scheme of amalgamation. (Refer Note 3 of Schedule 15)	-	(1,360)
	1,669	1,535

General reserve

At the commencement of the year	410	202
Add: Transfer from profit and loss account	123	208
	533	410

Stock option outstanding account

Add: Deferred employee compensation expense	-	(2)
	48	48

Hedge reserve (Refer Note 24 of Schedule 15)

At the commencement of the year	115	(85)
Additions during the year	(34)	200
	81	115

Balance in profit and loss account

	4,946	3,955
	7,364	6,065

MindTree Limited
Schedules to the balance sheet (continued)

(Rs in Million)
As at March 31,
2011 2010

3 Unsecured loans

Council for Scientific and Industrial Research

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MindTree Limited
Schedules to the balance sheet (continued)

4. Fixed assets

(Rs in Million)

Assets	Gross block			Accumulated depreciation				Net book value		
	As at April 1, 2010	Additions during the year	Deletions during the year	As at Mar 31, 2011	As at April 1, 2010	For the year	Deletions during the year	As at Mar 31, 2011	As at Mar 31, 2011	As at March 31, 2010
Tangible assets										
Leasehold land	425	-	-	425	35	12	-	47	378	390
Buildings	1,511	115	-	1,626	119	55	-	174	1,452	1,392
Leasehold improvements	795	220	4	1,011	395	157	4	548	463	400
Computer systems (including software)	1,143	423	24	1,542	1,011	239	23	1,227	315	132
Test equipment	-	203	-	203	-	70	-	70	133	-
Furniture and fixtures	132	15	5	142	87	26	5	108	34	45
Electrical installations	164	50	3	211	110	47	3	154	57	54
Office equipment	337	61	12	386	214	71	10	275	111	123
Motor vehicles	5	-	2	3	2	1	1	2	1	3
Plant and machinery	-	8	-	8	-	1	-	1	7	-
Total (A)	4,512	1,095	50	5,557	1,973	679	46	2,606	2,951	2,539
Intangible assets										
Intellectual property#	-	67	-	67	-	12	-	12	55	-
Total (B)	-	67	-	67	-	12	-	12	55	-
Total (A+B)	4,512	1,162	50	5,624	1,973	691	46	2,618	3,006	2,539
Previous year	3,889	781	158	4,512	1,494	611	132	1,973	2,539	

Refer note 6 of Schedule 15

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

Additions to fixed assets include net block of Rs. 73 million relating to fixed assets of MindTree Wireless Private Limited, pursuant to the scheme of amalgamation. Refer Note 4 of Schedule 15.

(Rs in Million)

Assets	Net block as on the date of merger
Leasehold improvements	1
Computer systems (including software)	17
Test equipment	54
Office equipment	2
Total	74

MindTree Limited

Schedules to the balance sheet (continued)

		(Rs in Million)	
		As at March 31	
		2011	2010
5. Investments			
A. Long-term investments			
Trade - Unquoted (fully paid equity shares)			
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
Investments in subsidiary companies - unquoted (fully paid equity shares)			
Nil (previous year: 412,500) equity shares of Rs 10 each in MindTree Wireless Private Limited		-	437
Investment in MindTree Software (Shenzhen) Co., Ltd.		23	23
Nil (previous year: 357,142,851) common stock of Aztec Software Inc., U.S.A. a wholly owned subsidiary at US\$ 0.014 each fully paid, par value US\$ 0.014 each		-	229
Nil (previous year: 1,000) common stock Aztecsoft Disha Inc., U.S.A. a wholly owned subsidiary at US\$ 1 each fully paid at premium of US \$ 24 each		-	1
		<u>31</u>	<u>698</u>
Less: Provision for diminution in the value of investments		<u>1</u>	<u>1</u>
		<u>30</u>	<u>697</u>

Less: Provision for diminution in the value of investments

B. Current investments

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

		Number of Units as at March 31		(Rs in Million)	
		2011	2010	As at March 31	
		2011	2010	2011	2010
HDFC Mutual Fund		-	18,758,957	-	188
<i>(158,663 units purchased / 18,917,620 units redeemed during the year)</i>					
ICICI Prudential Mutual Fund		460,803	1,914,603	46	203
<i>(9,728,971 units purchased / 11,182,771 units redeemed during the year)</i>					
IDFC Mutual Fund		10,062,025	7,119,217	101	71
<i>(78,622,347 units purchased / 75,679,539 units redeemed during the year)</i>					
UTI Mutual Fund		-	8,111,422	-	192
<i>(20,173,928 units purchased / 28,285,350 units redeemed during the year)</i>					
HSBC Mutual Fund		-	11,871,364	-	120
<i>(189,797,287 units purchased / 201,668,651 units redeemed during the year)</i>					
Franklin Templeton Mutual Fund		5,127,565	13,390,626	52	206
<i>(336,577 units purchased / 8,599,638 units redeemed during the year)</i>					
DSP Blackrock Mutual Fund		17,000,000	7,500,000	170	75
<i>(12,772,821 units purchased / 3,272,821 units redeemed during the year)</i>					
Birla Sun Life Mutual Fund		12,762,517	21,096,967	128	211
<i>(117,111,410 units purchased / 125,445,860 units redeemed during the year)</i>					
Reliance Mutual Fund		5,030,657	-	81	-
<i>(24,042,816 units purchased / 19,012,159 units redeemed during the year)</i>					
Tata Mutual Fund		15,720,524	-	157	-
<i>(27,017,356 units purchased / 11,296,832 units redeemed during the year)</i>					
L&T Mutual Fund		4,003,460	-	40	-
<i>(24,877,464 units purchased / 20,874,004 units redeemed during the year)</i>					
SBI Mutual Fund		6,024,214	-	60	-
<i>(6,024,214 units purchased / Nil units redeemed during the year)</i>					
				<u>835</u>	<u>1,266</u>
Less: Provision for diminution in the value of investments				<u>-</u>	<u>-</u>
				<u>835</u>	<u>1,266</u>

Less: Provision for diminution in the value of investments

Description

	Market Value	
HDFC Mutual Fund	-	188
ICICI Prudential Mutual Fund	46	203
IDFC Mutual Fund	104	71
UTI Mutual Fund	-	192
HSBC Mutual Fund	-	120
Franklin Templeton Mutual Fund	53	207
DSP Blackrock Mutual Fund	176	75
Birla Sun Life Mutual Fund	129	211
Reliance Mutual Fund	81	-
Tata Mutual Fund	160	-
L&T Mutual Fund	41	-
SBI Mutual Fund	61	-
	<u>851</u>	<u>1,267</u>

II. Non-Trade Investments - unquoted (Term Deposits)

HDFC Limited	170	120
Janalakshmi Financial Services Private Limited	<u>100</u>	<u>50</u>
	<u>270</u>	<u>170</u>
	<u>1,135</u>	<u>2,133</u>
Aggregate amount of quoted investments	835	1,266
Aggregate market value of quoted investments	851	1,267
Aggregate amount of unquoted investments	300	867

MindTree Limited
Schedules to the balance sheet (continued)

(Rs in Million)
As at March 31,
2011 **2010**

6 Sundry debtors

(Unsecured)

Debts outstanding for a period exceeding six months		
- considered good	24	9
- considered doubtful	35	37
 Debts		
- considered good*	2,801	2,209
- considered doubtful	-	-
 <i>Less:</i> Provision for doubtful debts	<u>35</u>	<u>37</u>
	<u>2,825</u>	<u>2,218</u>

*includes amounts due from the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 (refer Note 18 of Schedule 15)

MindTree Wireless Private Limited	-	1
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7 Cash and bank balances

Cash on hand	-	-
Balances with scheduled banks		
Current accounts	77	30
Deposit accounts	232	180
Balances with non-scheduled banks - in current accounts		
Wachovia Bank, N.A., USA	-	-
HSBC Bank, Swindon, UK	13	8
Bank of Tokyo, Mitsubishi	3	3
Silicon Valley Bank, USA	70	73
HSBC, Dubai	4	4
HSBC, Germany	10	8
UBS, Basel	2	1
HSBC, Australia	4	10
HSBC, Singapore	20	6
HSBC, Netherlands	2	3
National Westminster Bank, UK	-	1
Wells Fargo, Seattle, USA	-	16
HSBC, Canada	3	6
	<u>440</u>	<u>349</u>

Maximum amount outstanding at any time during the year with non-scheduled banks is as under:

in current accounts		
Wachovia Bank, N.A., USA	-	73
HSBC Bank, Swindon, UK	59	40
Deutsche Bank, Singapore	-	1
Bank of Tokyo, Mitsubishi	20	30
Silicon Valley Bank, USA	696	711
HSBC Dubai	15	21
HSBC Germany	13	16
May Bank, Malaysia	-	-
PNC Bank, USA	-	-
UBS, Basel	2	2
HSBC, Australia	30	25
HSBC, Singapore	68	39
HSBC, Netherlands	10	10
Sumitomo Banking Corporation	-	-
Bank of America, California, USA	-	45
Wells Fargo, Seattle, USA	150	106
National Westminster Bank, UK	1	1
HSBC, Canada	10	6

in deposit accounts		
Silicon Valley Bank, California, U.S.A	<u>-</u>	<u>1</u>

MindTree Limited
Schedules to the balance sheet (continued)

(Rs in Million)
As at March 31,
2011 **2010**

8 Loans and advances

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received*	1,120	871
Interest accrued	18	10
Unbilled revenue	437	366
Advance tax and tax deducted at source, net of provision for taxes	823	534
MAT credit entitlement	108	3
<i>(Unsecured, considered doubtful)</i>		
Advances recoverable in cash or in kind or for value to be received	13	-
Less: Provision for doubtful advances	(13)	-
	<u><u>2,506</u></u>	<u><u>1,784</u></u>

* includes amounts due from

- directors	-	2
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited	-	72
MindTree Software (Shenzhen) Co Limited	-	-
(Refer Note 18 of Schedule 15)		

Maximum amount outstanding at anytime during the year from

- directors	-	2
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited	-	72
MindTree Software (Shenzhen) Co Limited	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

9 Current liabilities

Advances from customers	46	39
Interest accrued but not due	2	-
Unearned revenue	41	56
Sundry creditors		
- dues to micro and small enterprises (Refer Note 16 of Schedule 15)	-	-
- dues to other than micro and small enterprises		
Expenses	98	83
Capital goods	69	39
Other liabilities*	1,468	1,785
Unclaimed dividend	3	2
Book overdraft	87	40
Amount due to subsidiaries (Refer Note 18 of Schedule 15)	2	451
	<u><u>1,816</u></u>	<u><u>2,495</u></u>

* includes employee related liabilities

	<u><u>419</u></u>	<u><u>567</u></u>
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10 Provisions

Compensated absences	179	117
Post contract support services	5	5
Provision for discount	49	50
Provision for foreseeable loss on contracts	2	24
Proposed dividend	50	79
Provision for gratuity	8	-
Provision for		
tax on dividend	8	13
taxes	229	149
	<u><u>530</u></u>	<u><u>437</u></u>

MindTree Limited
Schedules to the profit and loss account

(Rs in Million)
For the year ended March 31,
2011 2010

11 Software development expenses

Salary and allowances	7,443	5,627
Contribution to provident and other funds	697	505
Staff welfare	86	56
Travel and conveyance	743	505
Communication expenses	46	44
Sub-contractor charges	457	384
Software purchases	59	43
Computer consumables	282	304
Rent	246	210
Post contract support services	-	(5)
Provision for foreseeable loss on contracts	(11)	24
Consumables	3	-
Outsourced technical services	93	-
	10,144	7,697

12 Administrative and other expenses

Salary and allowances	1,555	1,190
Contribution to provident and other funds	72	59
Travel and conveyance	206	136
Power and fuel	169	151
Rent	117	93
Lease rentals/charges	61	20
Telephone charges	84	79
Printing and stationery	19	18
Office maintenance	114	66
Staff training expenses	50	32
Advertisement	6	10
Bank charges	7	6
Insurance	21	21
Rates and taxes	4	31
Auditor's remuneration	10	9
Recruitment expenses	173	57
Repairs and maintenance		
- Plant and machinery	14	10
- Others	44	8
Marketing expenses	106	59
Donations	2	3
Legal and professional expenses	180	135
Loss on sale of fixed assets	-	1
Provision for bad and doubtful debts	3	23
Bad debts written off	-	39
Provision and write off of doubtful advances	41	-
Miscellaneous expenses	107	85
	3,165	2,341

13 Interest

Interest on term loans	2	11
Interest on short term credit / finance charges	2	14
	4	25

14 Other income

Interest on deposits	27	13
[tax deducted at source: Rs 3 million (previous year: Rs 1 million)]		
Profit on sale of non trade investments	-	11
Profit from sale of fixed assets, net	1	-
Dividend from non trade investments	41	36
Exchange gain, net	155	709
Bad debts recovered	-	16
Liabilities no longer required written back	4	14
Gains on dissolution of subsidiaries (Refer Note 26 of Schedule 15)	221	-
Miscellaneous income	12	5
	461	804