



MINDTREE LIMITED
ANNUAL REPORT 2007-08

MindTree Ltd.

Board of Directors

Ashok Soota - Chairman & Managing Director
Dr. Albert Hieronimus - Independent Director
George M Scalise - Independent Director
Lip-Bu Tan - Non-Executive Director
Mark A Runacres - Independent Director
Siddhartha V G - Non-Executive Director
Srinivasan R - Independent Director
Subroto Bagchi - Director & Gardener
Vittal N - Independent Director

Audit Committee

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

Investor Grievances Committee

Dr. Albert Hieronimus - Chairman
Subroto Bagchi - Member

Compensation Committee

Mark A Runacres - Chairman
Lip-Bu Tan - Member
Srinivasan R - Member

Technology Committee

Lip-Bu Tan - Chairman
George M Scalise - Member

Strategic Initiatives Committee

Ashok Soota- Chairman
Dr. Albert Hieronimus- Member
Lip Bu Tan- Member
Siddhartha V G - Member
Srinivasan R - Member

Business Heads

Krishnakumar N - CEO
Janakiraman S - President & CEO - R&D Services
Vinod Deshmukh - President & co-CEO - R&D Services
Anjan Lahiri - President & co-CEO IT Services
Scott Staples - President & co-CEO - IT Services

Chief Financial Officer

Rostow Ravanan

Company Secretary

Usha T N

Auditors

BSR & Associates

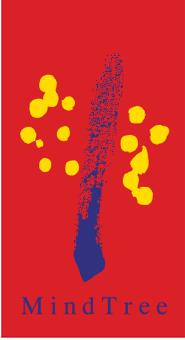
Bankers

Hongkong & Shanghai Banking Corporation Limited
ICICI Bank Limited
Deutsche Bank
Standard Chartered Bank

Solicitors

Udwadia & Udeshi
Dua Associates
Amarchand Mangaldas





MINDTREE LIMITED

ANNUAL REPORT 2007-08

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Awards, and the rewards of work

Are awards important?

Are they just another of those things that glorify the self-centered, obsessive nature of human beings?

How is it that only human beings have the concept of awards and no other known life-form practices it?

Is there a larger role that awards play in our lives?

Do they help us become better people?

These questions could keep performance experts, philosophers and psychologists occupied for days. If the Internet is any indication, a quick search on the keyword 'award' itself elicits 294 million responses!

In search of an answer, we turn to The Wikipedia. It says:

“An award is something given to a person or a group of people to recognize excellence in a certain field; a certificate of excellence. Awards are often signified by trophies, titles, certificates, commemorative plaques, medals, badges, pins or ribbons. An award may also simply be a public acknowledgment of excellence, without any tangible token or prize...

... People who have won certain prestigious awards...can have the award become their identity, thereafter being known primarily for winning the award, rather than for any other achievement or occupation.”

So, awards are about recognition of excellence, they are meaningful only if they come from someone who has the status to confer the award and finally, awards can sometime change the identity of the recipients, submerging them in its own glory!



In 1999, when we started MindTree, one of our Vision elements was to be among the most admired companies globally. We included this as our Vision because MindTree was conceived as an aspirational organization. Between 1999 and 2007, we worked away at putting in place the foundation of that aspirational organization, securing its four walls, putting in place the many doors and windows that must always remain open, and creating that staircase into the infinite. In 2007, as we stepped back to contemplate what we had created and what had created us, we were pleasantly surprised to find that we were being judged for our work. And the world thought we had actually done a good job! The number of public recognitions that came our way in just one year made us name FY2008 as the Year of Awards. And that constitutes the theme of the Annual Report in your hands this year.

As has been our tradition, the theme has been brought to life by our young friends at the Spastics Society of Karnataka, Bangalore, who agreed to render it with the colours from their heart.



Awards and Recognitions MindTree received during FY2008

MindTree continued to receive accolades during the year for being among the best employers across the industry. We were also recognized globally in the fields of innovation, knowledge management, corporate governance and business excellence.

- MindTree was ranked second in the Best Companies to Work For in India survey conducted by Business Today, Mercer and TNS India
- MindTree won the Gold Award for Excellence in People Management by the Great Places to Work Institute

At MindTree, achievement is a team dynamic



- MindTree was ranked among the Top 10 in the Great Places to Work survey conducted by Businessworld and the Great Places to Work Institute
- MindTree was declared the Overall Winner of the Most Admired Knowledge Enterprises (MAKE), India award in 2007
- MindTree received the NASSCOM Innovation Award 2007
- MindTree was recognized among the Top 100 global service providers in 2008 by Global Services magazine
- MindTree was included in the 'Leaders' category of the 2008 Global Outsourcing 100 by the International Association of Outsourcing Professionals
- MindTree was recognized as among the Top 25 organizations in India for Good Corporate Governance Practices at The National Award for Excellence in Corporate Governance 2007, granted by the Institute of Company Secretaries of India along with the Ministry of Company Affairs and the Institute of Chartered Accountants of India
- MindTree was awarded the Silver Trophy at the EMPI-Indian Express Innovation Awards 2006
- MindTree received the BML Munjal Award for Excellence in Learning and Development
- MindTree was adjudged the Best Venture Capital Backed Company at the Venture Intelligence APEX '08 Awards



At MindTree, we will never think of ourselves as a 'successful' company. We rather remain as success in the making. As we go forward, we are grateful for the admiration but we must not let the awards define who we are; it is the work that must define who we are. To us, our work must remain our biggest reward.



Chairman's Letter to the Shareholders

Dear Shareholder,

I want to begin by reporting to you that 2007-08, the first year after your company was publicly listed, has been a memorable and outstanding year when the MindTree team delivered industry leading results. It was also heartening that the recognitions we received on multiple fronts during the year have helped us move closer to achieving our Vision of creating one of the most admired companies in our industry. Choosing 'Awards' as the theme of this Annual Report is our way of acknowledging the appreciation. We are delighted and humbled by all the recognitions that came our way. These remind us of the larger responsibility we shoulder in living up to the expectations of all our stakeholders in the days to come.

It gives me great pleasure to share with you the highlights of our results. We closed the year with \$191.1 Million of total income, well ahead of our original guidance of \$ 178-180 Million and representing a growth of 44.4%. Through increased efficiency, improved pricing and other measures, we were largely able to offset the impact of the rupee appreciation of 12%. We closed the year with profit after tax of \$25.7 Million, up by 28.9% over the previous year.

During the year, we did the groundwork to prepare ourselves for what we call MindTree 2.0. We announced a new structure and new roles which have become effective with the commencement of the new financial year. Krishnakumar has taken responsibility as CEO of MindTree. Younger leaders have become the Co-CEOs of both our IT Services and R&D Services businesses and over 150 leaders have been given larger responsibilities. We became the first company in the world to create a position of 'Gardener of Minds'. Subroto Bagchi stepped out of his operational responsibilities to focus on the development of the top 100 leaders as the Gardener at MindTree. We also completed our transformation to an Industry group-aligned organization with a view to further develop deep domain capabilities in the Industries on which we focus: for IT Services these are Manufacturing, Travel & Transportation, Banking, Insurance, Capital Markets, Hi-Tech and Multi-markets; and for R&D Services, these are Storage & Computing Systems, Communication Systems, Automotive, Consumer Appliances & Computer Peripherals, Industrial Systems, Avionics and Multi-markets.

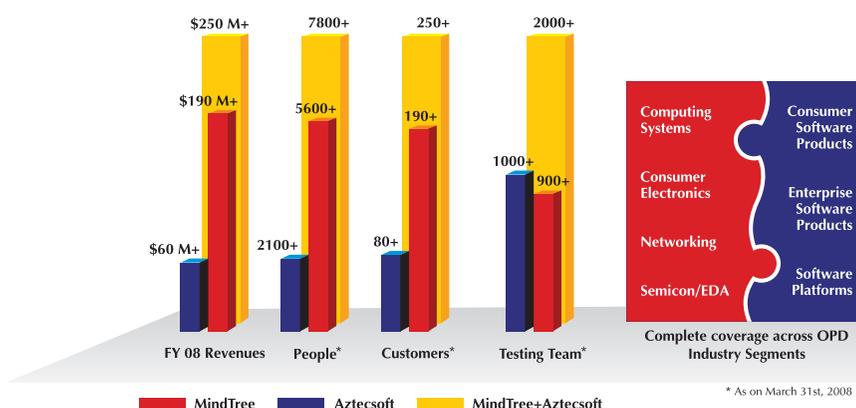
The change process includes a change in name: we are now MindTree Limited instead of MindTree Consulting Limited. We remain consulting led, but under the name MindTree, we will offer a wider range of services and practices including Consulting. Accordingly, the visual identity has dropped the word 'Consulting' but remains faithful to the design symbolizing our DNA of Imagination, Action and Joy.

As in previous years, almost all our growth was driven organically. In December 2007, we completed a small, but strategic acquisition: the IC design business of TES Electronic Solutions SA. Our combined strength of 350 IC design engineers makes MindTree one of the largest IC design houses in the country. The acquisition has also brought to MindTree customers with high potential for growth, and strengthened our position in the Japanese market.

During 2007-08, we did the spade work to significantly increase the contribution of inorganic growth for MindTree in the next 2 years. This culminated in an agreement on May 2, 2008 with the largest shareholder of Aztecsoft Ltd. to acquire their holding of 32.57%. This has also set in motion a plan to acquire majority ownership, leading to the eventual merger of Aztecsoft with MindTree. We expect to consolidate the results of Aztecsoft with MindTree by September 2008. All of the above is subject to regulatory and statutory approvals.

This move is of historic significance as it represents the largest consolidation so far in the Indian IT industry of 2 publicly traded companies. Aztecsoft is a leader in the Outsourced Product Development (OPD) and Independent Testing spaces.

Its synergy with MindTree will lead to a stronger organization, bringing higher value to our customers and more learning and growth opportunities to our people. The similarity in culture and high standards of governance of both organizations will make integration much easier. Moreover, the acquisition will give an additional thrust to MindTree's ambition of becoming a \$1 Billion company.



In spite of turbulence in the global markets, MindTree anticipates a good year ahead in 2008-09 and we look forward to our future with confidence. This stems largely from the strong bonds we have with our teams and our customers. In what is essentially a people and customer-centric business, we continue to have amongst the best performance indicators in the industry on these critical factors. The historical trend of our people and customer satisfaction scores are given within this report. We believe we are the only company which provides this information which, to our mind, is the most important leading indicator of future success.

I would like to conclude with an expression of gratitude to our customers, our team, our investors, our Board members and all stakeholders, for your goodwill and support which are so valuable to us, and we will continue to look forward to the same.

Ashok Soota
Chairman & Managing Director

Auditors Certification on Corporate Governance

To the Members,

MindTree Limited (formerly MindTree Consulting Limited)

We have examined the compliance of conditions of corporate governance by MindTree Limited (formerly MindTree Consulting Limited) ('the Company'), for the year ended March 31, 2008, 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 the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Sd/-

for BSR & Associates

Chartered Accountants

Zubin Shekary

Partner

Membership No.48814

Bangalore

May 15, 2008

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

We, Ashok Soota, Chairman & Managing Director and Rostow Ramanan, Chief Financial Officer, to the best of our knowledge and belief, certify that:

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

Bangalore
April 16, 2008

Ashok Soota
Chairman & Managing Director

Rostow Ramanan
Chief Financial Officer

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their Ninth Annual Report on the business and operations of your Company and its working results for the year 2007-08.

Rs Million

Profit and Loss Statement	For the year ended		% Growth
	Mar 31, 08	Mar 31, 07	
Income from software development			
Overseas	6,864.86	5,534.43	24.0%
Domestic	533.00	369.10	44.4%
Total Revenue	7,397.86	5,903.52	25.3%
Total Costs	6,143.96	4,807.17	27.8%
EBITDA	1,253.90	1,096.36	14.4%
Depreciation	356.04	244.36	45.7%
EBIT (OPM)	897.86	852.00	5.4%
Other income	279.44	73.65	279.4%
Interest	59.03	29.99	96.9%
PBT	1,118.27	895.66	24.9%
Provision for Tax	128.90	41.49	210.6%
Deferred tax charge/(credit)	-43.49	-46.36	-6.2%
PAT	1,032.87	900.52	14.7%
PAT % (of Revenue)	14.0%	15.3%	
PAT % (of Rev + Other Income)	13.5%	15.1%	

Business Performance:

For the year ended March 31, 2008, our income from software development grew to Rs 7,398 million, which represents an increase of 25.3% over the previous year's Rs 5,904 million. We saw strong growth across both overseas and domestic markets. Export revenues grew 24.0% to Rs 6,865 million whereas domestic revenues grew 44.4% to Rs 533 million.

During the course of the year, we mitigated the steep 12% appreciation of the Rupee vs. the US Dollar through a combination of operational efficiency and productivity improvements. In the context of the challenging environment, the Profit After Tax fell to 13.5% as compared to 15.1% in the previous year (as % to Software Revenue and Other Income). However, in absolute terms, the Profit After Tax for the year grew 14.7% to Rs 1,033 million as compared to Rs 901 million in the previous year.

Our IT Services business provides a range of services to CIOs across a variety of industry segments. Our R&D Services business works with Technology companies to help build innovative products by providing Product Realization services. Our domain experts deliver business-enabling solutions by leveraging a consulting led, framework-based and IP-driven approach.

For the year, the IT Services business grew 28.5% to Rs 5,730 million and the R&D Services business grew 15.5% to Rs 1,668 million. The robust growth was driven by strong performance across all the geographies. The U.S. remains the largest market and contributed 65.5% of our revenues and Europe contributed 18.2% of our revenues. We work across Middle East, Singapore, Japan and Australia, which together contributed 9.8%. India continues to be a key market for us and contributed 6.5% of our revenues.

Within IT Services, we derive a significant proportion of our revenues from the Manufacturing and Travel & Transportation industry groups;

while in R&D Services we get significant revenues from the industry groups Storage and Consumer Appliances.

Over the last few years, we have strengthened our capability in the traditional areas of Application Development, Maintenance consulting and Packaged Software Implementation, Independent Testing, and Infrastructure Management & Tech Support which continue to show strong traction in the market.

As part of expanding our geographical footprint, we opened up new offices in Cologne (in Germany), The Hague (in Netherlands), Toronto (in Canada), Plano, Texas and Seattle, Washington (in USA). With this, we have 22 sales offices across 13 countries and 5 development centers across Bangalore, Chennai and New Jersey.

Dividend

Your directors recommended a final dividend of Re. 1 per share (10% on par value of Rs.10). This coupled with the interim dividend of Re. 1 per share already paid during October, 2007, aggregated to Rs. 2.00 per share (20% on par value of Rs.10) for the year 2007-08. The total dividend amount is Rs. 75.748 million for the year.

Transfer to Reserves

We propose to transfer Rs. 104.18 million to the General Reserve and retain Rs. 1963.68 million in Profit & Loss account.

Changes to Share Capital

Your Company also issued 167,981 shares of Rs. 10 each to the MindTree Minds on exercise of stock options. Consequently, the share capital has been increased from Rs. 377,525,770 to Rs. 379,205,580.

Infrastructure

During the year, your company has added a built-up capacity of 178,300 sft. With this, the total built up capacity of your company in India stands at 598,000 sft.

These built up facilities include space for workstations, conference rooms, meeting rooms, labs as well as training facilities.

Your company purchased two buildings in the Global Village, Bangalore campus which together have a capacity of 285,600 sft. As planned, your company started its operations in Chennai (called as MindTree Coromandel) within an SEZ. This has a total capacity to accommodate approximately 2500 MindTree Minds with a current built-up capacity for 560 Minds.

In addition, your company has setup world-class communication infrastructure which is required to take care of the various needs of our customers. This includes interoffice data links, internet access links, customer specific data links and dedicated data/voice links for supporting our customers.

Strategic Acquisitions

i) TES PV: In November 2007, MindTree acquired Bangalore-based TES-PurpleVision (TES-PV) for an all-cash consideration of USD 6.55 million. Founded in 2000, has multiple full-chip turnkey designs to its credit and has participated in over 150 silicon designs with a success rate of over 95% in the first pass silicon. TES-PV had well known technology companies in the US, Europe, Japan and India as their customers. This acquisition helped MindTree double our IC design team-size and strengthen our presence in the Japanese market. Post acquisition, the name of the acquired company was changed to MindTree Technologies Pvt. Limited. Financial results of MindTree Technologies Pvt. Limited have been consolidated with MindTree results w.e.f. December 2007.

Your company has filed a petition before the High Court of Karnataka on March 28, 2008 for merger of MindTree Technologies Pvt. Limited into MindTree. The notice for extraordinary general meeting along with scheme of amalgamation is being sent across to all members seeking their approval for merger.

(ii) Aztecsoft: On May 2, 2008, your company announced that it had signed a definitive agreement with e4e Holdings Mauritius to acquire their entire 32.57% shareholding in Aztecsoft Limited at a price of Rs. 80 per share in cash. This transaction valued Aztecsoft equity at USD 90 million (approx. Rs. 360 crores). In accordance with the Indian takeover regulations, MindTree also announced an open offer to acquire up to an additional 20% stake in the company for Rs. 80 per share in cash. These purchases will be funded through the internal accruals of MindTree. After the open offer process is over, MindTree intends to merge Aztecsoft with itself. All this is subject to customary regulatory filings, clearances and approvals.

The open offer process is likely to be completed by August 2008, after which we would be able to consolidate the two company's financial results. The merger process might take another 6 to 8 months.

Aztecsoft is a leading player in the fast growing outsourced product development (OPD) and testing markets. For the FY ending March 31, 2008 their revenues were Rs. 253 crores with profit after tax of Rs. 17.38 crores. They had over 2,100 people on their rolls serving more than 80 customers.

Your company already has a significant presence in the IC design and embedded software segments of the OPD market. Combination with Aztecsoft will provide us a solid presence in the platform, middleware and application software segments too, thus enabling us to cover the entire product development stack. In addition, the combined team-size in testing services will be 2000+, making us a much stronger player in the industry. There is minimal overlap of customers across the two companies, providing us the opportunity to cross-sell to each other's customers. There is high degree of culture match across the two organizations, which gives your management the confidence of integrating the two entities in a smooth and effective manner.

MindTree 2.0/Branding Initiative:

Name Change: To begin with, we changed our name to MindTree Ltd. Our new name now allows us to offer newer areas of services to our customers. MindTree Limited will now become the umbrella name under which future acquisitions can take the form of divisions or subsidiaries. MindTree will continue to stand for our unique culture, commitment towards high customer satisfaction and our innovative people practices. We will continue to build an organization that has a place among the best in our industry. The change in our name is in line with our strategy towards the next phase of growth, termed MindTree 2.0.

Reorganization: With an eye on the next phase of growth, MindTree also announced its first major organizational restructuring since its inception.

Chief Operating Officer Subroto Bagchi, who is currently based out of the U.S., will return to India to take on the first-ever position of Gardener within MindTree. This unusual move is being made to focus on further strengthening the emotional infrastructure of MindTree for which the Company has been known as having differentiated itself. Bagchi will spend one-on-one time with the Top-100 leaders at MindTree on their "personal-professional" issues; expand leadership capacity; and build readiness for taking MindTree into the billion-dollar revenue level. In addition, Bagchi will work at the grassroots by making himself available to the 45+ Communities of Practice that foster organizational learning, innovation and volunteerism. He will spend time on MindTree's relationship with the educational community in India and abroad to create inroads of learning from unusual sources and take MindTree's learning to the world at large.

Krishnakumar Natarajan, who was the President and CEO of MindTree's IT Services business, has assumed responsibility as the Chief Executive

Officer of MindTree. In this capacity, Krishnakumar will have the overall responsibility of both the IT Services and the R&D Services businesses of MindTree.

MindTree's IT Services business now has a two-in-a-box structure led by Scott Staples and Anjan Lahiri as President and Co-CEOs. Scott and Anjan will be responsible for designated Industry Groups, Practices and Geographies. The R&D Services business will continue to be led by S. Janakiraman as President & CEO. In order to create bandwidth for him to nurture newer Industry Groups and Practices, Vinod Deshmukh will assist him as President and Co-CEO of the R&D Services business.

Executive Vice President N.S. Parthasarathy will be designated Chief Operating Officer and report into Krishnakumar.

These changes at MindTree will bring forward several young leaders into key positions in preparation for MindTree's goals for the future. This is about creating MindTree Version 2.0. With this, we are now ready for the next big thing. As a team, we see ourselves as builders. What we have achieved in the last eight years is just the foundation for the future. The new structure will unleash leadership capacity as MindTree prepares for the next leap forward.

Web site: As part of our long-term goal of enhancing our visibility on the Internet space, we revamped our Web site, www.mindtree.com. The new site carries a new look and feel and is rich with information and content on MindTree and our businesses. We believe that our Web site will become the hub of MindTree's future activities on the Internet.

Directors

During the year, Mr. Vivek Kalra has resigned w.e.f. January 22, 2008. The Board of Directors places appreciation for the services rendered by Vivek Kalra during his tenure as Director of the company.

The following Directors retire by rotation and being eligible, offer themselves for re-appointment.

1. Mr. Siddhartha VG
2. Mr. Lip-Bu Tan
3. Mr. Srinivasan R

Brief resumes of these directors are included in the notice for the Annual General Meeting.

People

The total number of MindTree Minds as on March 31, 2008 was 5,640 against 4,162 as on March 31, 2007, a net addition by 35%. The attrition levels during the year have been below industry level and the attrition rate for the year was 15.8%.

Your company is continuing to focus on being an "Employer of Choice" to attract and retain the best industry talent. Several initiatives were undertaken during the course of the year to create tighter and deeper bonds with the people. One of the initiatives focused on designing an enhanced assimilation program for the new MindTree Minds joining us from Technical Campuses. For your company to continue to enhance its market presence, it is important that new people entering the organization are better skilled, differentiated and more emotionally attached to the organization than their industry peers. The rollout of this initiative has been extremely well received by the target audience and also by customers, opinion leaders and the media.

Your company is looking and planning ahead for the future. In the current year, your company will focus on the theme of "Empowering and Enabling Line Managers". This will allow decision making at the operating level and creation of environment that facilitates nurturing, development and satisfaction of people. It will allow us to build the second level leadership capability which will be essential for your company to sustain its growth in the years ahead.

Liquidity

Your Company maintains sufficient cash to meet its strategic objectives. As on March 31, 2008 your company had liquid assets including investments in money market mutual funds, of Rs. 2,201.33 million as against Rs 2,908.51 million at the previous year-end. These funds have been invested in deposits with banks and in money market mutual funds.

Awards/Recognitions

This year has also been one of our best years for various recognitions we received for our work in the areas of Corporate Governance, Innovation, Knowledge Management and People Practices. All of these contribute towards our Vision of being among the most admired companies in our industry.

More details about the recognitions we received are covered separately in the Annual Report. These awards strengthen our commitment to achieve more.

Litigation

Your company has an Arbitration pending in the matter of certain claims in connection with acquisition of business from ASAP Solutions Private Limited. We believe MindTree has a strong case and do not expect any material adverse ruling on this case.

Deposits

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

Corporate Governance

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

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

During the year, your company has been recognized as one of the top 25 companies for having good corporate governance by ICSI in partnership with Ministry of Corporate Affairs.

Auditors

The auditors, M/s. BSR & Associates, Chartered Accountants, hold office as Auditors until the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure.

Particulars of Employees

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

Employee Stock Option Plan

The Company instituted various Employees Stock Option Plans ('ESOP') approved by the Shareholders. Under the ESOP, the Company currently administers five stock option programs.

ESOP 1999

Description	Details
Total number of Options under the plan (each option represents one share)	2,892,000
The pricing formula	Rs.10
Variation in terms	Nil
Options granted during the year	Nil
Weighted Average price per option granted during the year	Nil
Options Vested (as of March 31, 2008)	94,239
Options exercised during the year	54,700
Money raised on exercise of options	Rs. 0.55 million
Options Forfeited during the year	Nil
Options Lapsed during the year	2,400
Total number of options in force at the end of the year	39,539
Grant to senior management and independent directors during the year	Nil
Employees receiving 5% or more of the total number of options granted during the year	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	Rs.26.11

ESOP 2001

Description	Details
Total number of Options under the plan (each option represents one share)	1,966,360
The pricing formula	Rs.50
Variation in terms	Nil
Options granted during the year	Nil
Weighted Average price per option granted during the year	Nil
Options Vested (as of March 31, 2008)	347,738
Options exercised during the year	84,984
Money raised on exercise of options	Rs.4.25 million
Options Forfeited during the year	27,263
Options Lapsed during the year	12,027
Total number of options in force at the end of the year	362,626
Grant to senior management and independent directors during the year	Nil
Employees receiving 5% or more of the total number of options granted during the year	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	Rs.26.11

ESOP 2006 (a)

Description	Details
Total number of Options under the plan (each option represents one share)	406,650
The pricing formula	Rs.250
Variation in terms	Nil
Options granted during the year	Nil
Weighted Average price per option granted during the year	Rs.250
Options Vested (as of March 31, 2008)	29,323
Options exercised during the year	10,227
Money raised on exercise of options	Rs.2.56 million
Options Forfeited during the year	49,690
Options Lapsed during the year	4,020
Total number of options in force at the end of the year	302,563
Grant to senior management and independent directors during the year	Nil
Employees receiving 5% or more of the total number of options granted during the year *	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	Rs.26.11

ESOP 2006 (b)

Description	Details
Total number of Options under the plan (each option represents one share)	3,053,750
The pricing formula	Different rates at - Rs.300, 315, 350 and 419
Variation in terms	Nil
Options granted during the year	1,667,500
Weighted Average price per option granted during the year	Rs.340.96
Options Vested (as of March 31, 2008)	163,323
Options exercised during the year	14,740
Money raised on exercise of options	Rs.4.46 million
Options Forfeited during the year	178,770
Options Lapsed during the year	2,570
Total number of options in force at the end of the year	2,810,770
Grant to senior management and independent directors *	167,000
Employees receiving 5% or more of the total number of options granted during the year	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	Rs.26.11

* Options granted to senior management and independent directors

Name	Amount of Shares issued
Puneet Jetli	7,500
Vishweshwar Hegde	7,500
Raja V. Shanmugam	7,500
Anup Mehta	8,000
Salil Godika	10,000

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

Description	Details
Total number of Options under the plan (each option represents one share)	70,000
The pricing formula	Rs.300
Variation in terms	Nil
Options granted during the year	Nil
Weighted Average price per option granted during the year	Rs.300
Options Vested (as of March 31, 2008)	23,330
Options exercised during the year	3,330
Money raised on exercise of options	Rs.1.00 million
Options Forfeited during the year	Nil
Options Lapsed during the year	Nil
Total number of options in force at the end of the year	Nil
Grant to senior management and independent directors	Nil
Employees receiving 5% or more of the total number of options granted during the year	Nil
Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS 20	Rs.26.11

No employee has been granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

In line with the guidance note on "Accounting for employee share based payments" issued by the Institute of Chartered Accountants of India and "Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India, your company has calculated the employee compensation cost using the intrinsic value of stock options. Had compensation been determined under the fair value approach described in the guidance note, the Company's net income and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Rs.

	Year ended March 31, 2008	Year ended March 31, 2007
Net income as reported	1,032,865,201	900,522,971
Add: Stock-based employee compensation expense (intrinsic value method)	19,193,756	12,211,803
Less: Stock-based employee compensation expense (fair value method)	79,179,869	38,090,174
Proforma net income	972,879,088	874,644,600
Basic earnings per share as reported	27.45	28.98
Proforma basic earnings per share	25.86	28.15
Diluted earnings per share as reported	26.52	27.70
Proforma diluted earnings per share	25.13	26.94

The weighted average fair value of each option granted during the year ended March 31, 2008, estimated on the date of grant was Rs 127.09 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs 335 & 459.15
Exercise price	Rs 335 - 460
Dividend yield%	0.22 - 0.33%
Expected life	3-5 years
Risk free interest rate	6.70 - 7.81%
Volatility	29% - 40%

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) is annexed to this report.

Acknowledgements

The Board of Directors takes this opportunity to express their appreciation to the customers, shareholders, investors, vendors, and bankers who have supported the Company during the year. Your directors place on record their appreciation to the MindTree Minds at all levels for their contribution to the Company.

Your directors would like to make a special mention of the support extended by the various departments of the Government of India, particularly the Software Technology Parks, the Department of

Electronics, the tax authorities, the Ministry of Commerce, the Department of Telecommunications, the Reserve Bank of India, Ministry of Company Affairs, 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,

Ashok Soota
Chairman & Managing Director
Bangalore
May 15, 2008

Subroto Bagchi
Director

Annexure to the Director's Report

Particulars under (disclosure of particulars in the Report of Directors) Rules, 1988 for the year ended March 31, 2008.

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

Report on Conservation of Energy Initiatives

Your company is committed to following a high standard of environmental protection and provision of a safe and healthy work place for our people, customers and visitors. Energy conservation is one of the critical components of this policy.

Energy Efficiency Practices

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

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

In our new facilities (Bangalore West Campus Phase 3 and Chennai Coromandel facilities), in addition to above, we have done the following:

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

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

- Sun orientation path
- Walls and roofs are properly insulated.
- Toughened glass windows to reduce infrared radiation
- Effective management of ventilation to ensure acceptable air quality

- Proper positioning of fire escape routes
- Roof surface treated to reduce the absorption of heat

B. Technology and Innovation

Your company operates in a rapidly changing environment. To keep abreast of the latest technologies and offer product realization services to customers, MindTree proactively invests in developing technology building blocks and licensable Intellectual Properties. In addition, to be considered as a leader in a technology, innovation plays a key role. MindTree uses a multi-pronged strategy for developing technology assets and to promote internal entrepreneurship and innovation. These technology initiatives are driven by respective CTO's organization.

- MindTree Research focuses on creating long term technology innovation and licensable Intellectual Properties with applicability across industry groups addressed by R&D Services under MINT [MindTree Incubated New Technologies] program. Our current focus is on short range wireless technologies.
- Industry specific solutions and industry specific ready-to-manufacture products are developed under the MIST [MindTree Incubated Strategic Technologies] umbrella. Specific developments for Industry Verticals are listed below.
- MindTree uses a centralized mechanism to capture and nurture Ideas. Ideas can be related to technology development, patent or even process improvement. These ideas are nurtured and developed proactively.
- MindTree works very closely with its customers and several key partners to develop licensable technologies and next generation products.
- We bagged the prestigious EMPI-Indian Express Innovation Awards 2006, Silver Trophy. We were recognized for technology innovation, for our innovation in Bluetooth Intellectual Properties and business created around the IP.

Research and Development

Your company carries out research and development under several domains to address different market segments. Specific areas are listed below:

- Short Range Wireless Technologies
 - Active contributions in the Bluetooth Special Interest Group (SIG) in defining next generation standards, especially in the Health Device Profile and Ultra Low Power Bluetooth.
 - Enhanced Ultra Wideband (UWB) Media Access Control (MAC) solution with high speed host interface capabilities.
 - Developed advanced techniques for bit interleaving and Fast Fourier Transform (FFT) implementations for very high speed OFDM baseband.
- Communication
 - Development of Element Management Framework for discovering and managing network equipments like switches, routers, access points and such other kinds of communication devices.
 - Development of protocols for secure communication over wired or wireless networks
- Storage
 - Development of a standards-based protocol stack for a network attached storage devices
 - Development of a unique technology for file system virtualization in a distributed storage environment
- Audio, Video and Imaging Technologies
 - Development of Audio encoder and decoders such as Sub Band Coder (SBC) and Advanced Audio Codec (AAC) optimized for ARM
 - Conducted research in and developed a tunable Acoustic Echo Cancellation and Noise Reduction (AECNR) software that can run on ARM processors eliminating the need for additional hardware or DSP

- SOC and ASIC Technologies
 - Conducted research in highly configurable System on Chip (SoC) Architectures for low power devices. As a result of this research several configurable SoC peripherals were developed. These were integrated into a complete low power, optimal die area Bluetooth SoC for cost sensitive peripheral devices.
 - Developed a complete SoC verification platform with co-verification of HW and SW modules
- Testing
 - Continued development of MindTree Universal Test Environment (MUTE) which is a general protocol test automation application with easy to use scripting language capabilities.

IT Services investments in solutions and technologies

Your company's IT Services helps global organizations gain competitive edge by leveraging the right mix of technology, people, and processes to achieve their strategic objectives. Our team of domain experts ensures that IT initiatives are tied to business imperatives through quantifiable metrics. Through MindTree Labs, a unique corporate investment in research and development, we aim to push the technology envelope and expose our clients to the best-of-breed and emerging trends in the market. MindTree Labs conducts applied research on emerging technologies and works with our Technology Practices and Industry Groups (IG) to create differentiated outputs.

MindTree Labs and Technology Practices have been working on technology frameworks to increase agility and provide a faster solution cycle for our customers. The technology frameworks increase productivity of our teams and enable MindTree to provide solutions at a lower cost of ownership to our clients.

Our IGs provide deep domain expertise to our clients via solution accelerators. The solution accelerators address specific business scenarios and problems in an industry domain. They encapsulate best practices, methodologies, tools and templates, and pre-built code artifacts with the aim of providing a best-in-industry solution and faster time-to-market for our clients.

Some of the technology frameworks that MindTree is investing in include:

- A .NET-based framework which is a collection of ready-to-use components, tools and blueprint applications that improve the productivity of MindTree teams. The framework prescribes certain architecture patterns as well as dynamic generations of application infrastructure components based on certain models.
- An integrated platform that makes SOA adoption easier by providing:
 - Infrastructure components and services using existing technology building blocks
 - An integration framework between business and infrastructure components and external systems
 - Standards, tools, technologies, interfaces, taxonomy and administration for applications to be built on this Platform
- A SOA Test harness that enables organizations to independently validate and verify their SOA implementations against business scenarios
- A codified set of logical, functional and technology components that encapsulates different structured approaches to manage various aspects of a Business Intelligence (BI) & Data Warehouse (DW) implementations. It attempts to "lubricate" two specific friction points experienced in a typical BI/DW engagement 1. High data integration effort and 2. Business solution value enhancement.

- A Web content management and publishing framework that fills in certain gaps missing in many commercially available CMS systems. It eases content conversion, taxonomy and categorization-related tasks for implementations with a heavy reliance on rich/diverse content
- A visual log analyzer that greatly eases the task of maintenance and support of complex transactional systems
- Research on end-to-end framework for mobility solutions on Google Android

Some of the solution accelerators that MindTree is developing include:

- Open Travel Alliance (OTA) compliant development and testing framework. This solution allows our Travel & Transportation customers mechanisms to design, develop and test their web-service implementations and map them to the industry prescribed OTA standards
- A comprehensive SOA governance and execution methodology for our Insurance clients. It allows them to understand their current initiatives in a systematic manner and evolves a factory model for accelerating the creation and deployment of services
- Analytics for Sales, Service, Parts and Marketing: This framework provides the following dimensions to enable companies to take effective and proactive decisions - dashboard reporting, balance scorecard, root cause analysis, metadata analysis, business scenarios, workflow analysis and seamless feedback and analysis

Patents

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

SI No	Title	Country of Filing	Year
1	Method for Step Size control technique in echo signal cancellation	US	2004
2	High Speed FFT architecture	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	Procedure for headset and device authentication	India, US	2007
7	Multi-terminal support by Bluetooth Audio Gateway	India, US	2007
8	Method for bit interleaving and de-interleaving in wireless communication systems	India, US	2007

C. Foreign exchange earnings and spending

Rs. Millions

Description	Year ended	Year ended
	March 31, 2008	March 31, 2007
Foreign exchange earnings	6,831.03	5,535.21
Foreign exchange outflow	2,237.39	1,907.56

Account of Subsidiary company:

The company has obtained exemption from the Government of India, Ministry of Corporate Affairs from attaching the financial accounts of subsidiary company to this report pursuant to section 212 of the companies Act. A statement showing relevant details of MindTree Technologies Pvt. Ltd, 100% subsidiary, is part of the Annual Report. The members of both companies can write to the Company for obtaining the annual accounts of MindTree Technologies and copies of annual accounts of MindTree Technologies will be kept for inspection at the registered office of the Company.

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956 relating to holding company interest in the subsidiary company:

	MindTree Technologies Pvt Ltd
1) Financial year of the subsidiary ending on	March 31, 2008
2) (a) No. of shares held by the holding company including holding through nominee	6000 shares of Rs. 100 each
(b) Extent of Interest on the above date	100%
3) Net aggregate amount of the Subsidiary company's profit/ (loss) so far it concerns members of the Holding company.	100%
Capital	Rs. 600,000
Reserves and Surplus	Rs. 62,160,240
Total assets	Rs. 64,487,309
Total Liabilities	Rs. 64,487,309
Investment	Nil
Turnover (including other income)	Rs. 221,200,219
Loss before tax	Rs. 13,050,304
Provision for taxation including FBT and deferred tax	Rs. 3,744,479
Loss after Tax	Rs. 16,794,783

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

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

For and on behalf of the Board of Directors,

Bangalore
May 15, 2008

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Annexure to the Director's Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors report for the year ended March 31,2008

Sl. No	Name	Designation	Gross Remuneration	Qualification	Age (Yrs)	Date of Joining	Exp (Yrs)	Previous Employment	Designation at Previous Employment
1	Ananda Rao Ladi	General Manager - R&D Services	2,546,236	B.Tech	38	1-Feb-00	16.8	Wipro Ltd	Consultant
2	Ashok Soota	Chairman & Managing Director	5,683,614	MBA	65	9-Aug-99	33.8	Wipro Ltd	President
3	Ashwani Kumar Kathuria	Vice President - IT Services	2,720,278	B.Tech	45	10-Apr-06	23.6	vMoksha Technologies Pvt. Ltd	Vice President
4	Babuji Philip Abraham	Vice President - IT Services	3,527,330	B.Tech	43	3-Nov-99	21.8	Verifone India Private Ltd	Manager - ICD
5	Balaji Krishnan	General Manager - IT Services	3,312,669	BE	41	10-Nov-99	19.6	Institute of Reference Materials and Measurements	Project Manager
6	Balu C	Vice President - R&D Services	2,781,084	MCA	44	17-Apr-00	21	Novell Software India Development (I) Pvt Ltd	Senior Manager
7	Basavaraj Kyadigigeri	Associate Manager -IMS	2,580,403	BE	28	26-Jun-06	6.3	Wipro Ltd	Associate Consultant
8	Dattatri Salagame	General Manager - IT Services	2,589,056	BE	42	22-Mar-01	18.1	Ivega Corp.	Consulting Manager
9	Derrick Jose T J	Chief Architect - Datawarehousing	2,752,043	BE	39	20-Nov-00	17.1	Fujitsu-DMR Consulting	Consultant
10	Gautham Gopalakrishna	Technical Manager - R&D Services	2,801,246	BE	32	28-May-03	10.3	Ishoni Networks Inc	Senior Software Engineer
11	Giridhar LV	Program Architect - R&D Services	2,681,823	MS	34	19-Oct-00	13.4	Novell Software Development (I) Private Limited	Software Consultant
12	Hemant Madhusudan Salvi	Senior Consultant - IT Services	3,630,884	BE	32	19-Jan-04	10.7	Indus Business Systems Ltd.	Team Lead
13	Janakiraman S	President & CEO - R&D Services	3,160,923	M.Tech	51	20-Oct-99	27.5	Wipro Ltd	President
14	Jayavel S	Principal Consultant - IT Services	2,742,669	MCA	36	17-Feb-00	11.1	Blue Chip Computers Consultants Pvt. Ltd.	Project Manager
15	Kalyan Kumar Banerjee	Senior Vice President	3,157,552	M.Tech	45	5-Aug-99	22.8	Wipro Ltd	Technical Manager
16	Karthik J Gupta	Senior Consultant - IT Services	2,740,946	BE	30	14-Mar-05	8.7	Thomson Associates	Senior Software Engineer
17	Krishna Kanth Reddy	Test Lead	2,504,636	MCA	30	9-Jun-03	9.3	Eximsoft Technologies Pvt. Ltd	Team Lead
18	Krishnakumar Natarajan	President & CEO - IT Services	3,608,271	PGDM	50	5-Aug-99	26.8	Wipro Ltd	CEO - E Commerce
19	Madhukar A G	Senior Consultant - IT Services	2,666,695	BE	32	2-May-00	10.5	Cognizant Technology Solutions corporation	Programmer Analyst
20	Madhusudhan Km	Program Director	2,845,023	BE	39	25-Oct-06	16.3	Misys International Financial systems Pvt. Ltd.	Principal Architect
21	Mallikarjuna Chirithanal	Project Lead - R&D Services	2,680,722	BE	31	12-May-03	8	Sofitel Technologies Pvt Ltd	Software Engineer
22	Mohan Kumar Halappa	Project Manager - R&D Services	3,277,874	MS	33	19-Dec-05	10.8	Intel Technology India Pvt Ltd	Technical Lead
23	Padmanabhan SN	Senior Vice President - R&D Services	2,890,882	M.Tech	46	17-Apr-00	22	Wipro Ltd	Technical Manager
24	Parthasarathy N S	Executive Vice President	3,921,775	M.Tech	47	14-Aug-99	23.8	Wipro Ltd	General Manager
25	Puneet Jelli	Vice President & Head - People Function	2,694,398	MBA	39	15-Oct-99	15.6	Wipro Ltd	Business Development Manager
26	Radha R	Vice President - Datawarehousing	2,965,169	PGDM	41	19-Jan-01	17.3	IBM Global Services	Country Manager - Alliances
27	Rahul Mohandas	Senior Consultant - IT Services	3,746,377	B.Tech	33	24-Feb-03	10.6	Bangalore Labs Pvt Ltd	Consultant
28	Raj Datta	Vice President - Knowledge Management	2,702,525	MS	40	15-Nov-99	18.5	Logical Components Inc	Founder Director
29	Raja V. Shanmugam	Vice President - Apac	3,460,349	MBA	44	6-Mar-00	20.2	Wipro Infotech Limited	Bussiness Manager
30	Rajagopal Nagarajan	Vice President - R&D Services	2,894,544	BE	43	24-Apr-00	22	Wipro Ltd	Project Manager

Contd...

Sl. No	Name	Designation	Gross Remuneration	Qualification	Age (Yrs)	Date of Joining	Exp (Yrs)	Previous Employment	Designation at Previous Employment
31	Rajan Narayanan	Senior Vice President - IT Services	3,863,217	BE	49	1-May-88	28.3	Linc Software Pvt Ltd	Vice-Chairman and COO
32	Raju B N	Senior Consultant - IT Services	2,524,735	B.Sc.	35	14-Jul-97	12.5	Linc Software Pvt Ltd	Project Manager
33	Raju Chellatton	General Manager - Infrastructure Management Services	2,485,356	B.Tech	42	14-Jun-04	15.7	Verizon Data Services India Pvt Ltd	Technical Manager
34	Raju G Dani	General Manager - IT Services	2,565,254	B.Tech	39	2-Feb-04	17.5	Renaissance Worldwide Inc	Project Lead
35	Ram C Mohan	Vice President - IMS &tech Support	4,240,699	BE	45	19-Jan-06	23.3	Vinciti AQ	Executive Vice President - Operations
36	Ramachandran Narayanaswamy	Vice President - R&D Services	2,904,743	BE	39	3-Dec-99	18.8	Wipro Ltd	Software Specialist
37	Ramesh Arun Rajasekar Dorairaj	General Manager - IT Services	2,934,420	BE	41	1-Mar-06	18.4	Infosys Technologies Ltd	Delivery Manager
38	Ramesh Copalakashnan	General Manager - IT Services	2,944,761	BE	40	14-Aug-00	16.7	Tata Infotech Ltd	Core Member - E Commerce group
39	Ravikumar S	Senior Consultant - IT Services	2,993,210	BE	31	18-Dec-00	9.6	Sonata Software Ltd	Systems Analyst
40	Rostow Ravanan	Vice President - Chief Financial Officer	2,542,379	ACA, ACS	37	5-Aug-99	13.6	Lucent Technologies India Ltd	Chief Finance Officer
41	Roy K C	Senior Consultant - IT Services	2,960,839	M.Tech	33	9-Feb-04	8.1	Patni Computer Systems Ltd	Software Engineer
42	Sagar Paul	Program Director	2,637,678	PGDM	38	29-May-00	16	PricewaterhouseCoopers Pvt. Ltd	Business Analyst
43	Salil Godika	Chief Strategy Officer	2,541,341	M.Tech	36	26-Feb-07	13	Dassault Systems	Director - Marketing
44	Sridhar Perepa	General Manager - R&D Services	2,504,295	BE	42	16-Dec-02	15.4	GE Transportation Systems Ltd	Lead
45	Srikanth Soundararajan	Program Director	2,924,923	ACA	42	14-Apr-03	16.9	Digite Inc	Director - Professional Services
46	Srinivasa Rao Koitamasu	General Manager - Tech Support	2,647,063	M.Tech	40	5-May-00	18	Wipro Ltd	Technical Manager
47	Subrata Saha	General Manager - R&D Services	2,479,060	B.Tech	46	19-Mar-01	24.1	Wipro Ltd	Technical Manager
48	Subroto Bagchi	Chief Operating Officer	8,942,745	BA	50	1-Sep-99	32.7	Lucent Technologies India Ltd	Vice President
49	Suneel Sastry	General Manager - IT Services	3,088,899	BE	45	1-Jul-02	20.8	Citicorp Credit Services Pvt Ltd	Manager/ Senior Tech Analyst
50	Suresh H P	General Manager - IT Services	2,442,911	M.Tech	41	2-Nov-00	17.2	Motorola Electronics Pvt Ltd	Staff Analyst
51	Veeraraghavan R K	Vice President - IT Services	3,234,524	M.Sc	41	3-Nov-99	19.8	Wipro Ltd	Technical Manager
52	Vikram Amarath	Vice President - IT Services	3,588,015	BE	51	12-Apr-06	29.8	Tata Consultancy Services Ltd	Principal Consultant
53	Vineet K Gupta	Program Director	2,667,493	PGDM	33	21-Aug-00	10.5	Infosys Technologies	Senior Systems Engineer
54	Vinod P Deshmukh	Executive Vice President	3,758,376	M.Tech	50	5-Apr-00	23.1	Wipro Ltd	Vice President
55	Vinod S	Senior Consultant - IT Services	2,937,852	PGDM	31	19-Apr-00	8	-	First Employment
56	Vishweshwar Hegde	Vice President - Quality	3,329,224	BE	45	16-Oct-00	22.3	Motorola India Pvt Ltd	Quality Manager
57	Vivek Shrivastava	General Manager - R&D Services	2,643,989	B.Tech	38	1-Dec-00	16.8	SAS India Ltd	Product Manager
Employed for part of the year with average salary above Rs. 2 Lakh per month.									
1	Jignesh Desai	Manager - IMS	2,651,027	BE	32	3-Oct-06	10.3	Reliance Infocomm Limited	L3 Application Manager
2	Sameer Narula	General Manager - IT Services	2,731,338	B.Tech	39	1-Oct-04	12.6	ASAP Solutions Pvt Ltd	Director

Notes: Employees in India as on March 31, 2008, however the remuneration paid overseas to these employees for the period they were working outside India also included above.

None of the employees are related to Directors

The nature of employment is contractual in all the above cases. Other terms and conditions are as per Company's Rules. The designations indicate the nature of duties of the employees.

Mr. Ashok Soota holds 11.57%, Krishnakumar Natarajan holds 5.81%, Subroto Bagchi holds 5.70% and S Janakiraman holds 2.85% of the shares of the Company. None of other employees hold more than 2% of the outstanding shares of the company as on March 31, 2008

Bangalore
May 15, 2008

Ashok Soota
Chairman & Managing Director

For and on behalf of the Board of Directors,
Subroto Bagchi
Director

Corporate Governance Report

Company Philosophy

We, at MindTree Limited (formerly MindTree Consulting Limited) ('MindTree' or 'the Company'), believe in ethical business conduct, integrity and commitment to values. This helps us to enhance and retain the trust of our stakeholders and which in turn enhance and are the hallmarks of corporate governance.

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

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

Following are the salient features of our Corporate Governance philosophy:

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

The 3-Tier Corporate Governance Structure at MindTree

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

First Tier: Governance at the Shareholders Level:

Forthcoming Annual General Meeting:

Annual General Meeting ('AGM') for the year 2007-08 is scheduled on June 30, 2008 at 10.00 AM at Shivarathreeswara Centre, JSS Educational Complex, 1st Main, 8th Block, Jayanagar, Bangalore- 560 082, Karnataka.

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 for before 10.00 AM on June 28, 2008.

Annual general meetings of earlier years:

For the year 2004-05, we had our AGM on September 16, 2005 at 11:00 AM held at the registered office of the Company. Passed ordinary business and no special resolution was passed.

For the year 2005-06 we had our AGM on September 27, 2006 at 2:00 PM held at the registered office of the Company and a special resolution was passed for amendment to the Articles of Association pursuant to conversion of Company from private company to public limited company.

For the year 2006-07 we had our AGM on July 25, 2007 at 9.30 AM held at St. John's Auditorium, National Academy of Health Science, John Nagar, Bangalore 560 034. The following three special resolutions were passed:

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

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

For the year 2004-05 we had our EGM on June 14, 2004 at 11.00 AM held at Registered Office of the Company and passed a special resolution to alter the Articles of Association and to issue and allot equity shares of Rs. 2 each upon conversion of fully convertible preference shares.

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

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

Postal ballot conducted during the previous year:

During the year 2007-08, the Company had conducted postal ballot on March 17, 2008 as required under the Companies (passing of resolution by Postal Ballot) Rules, 2001. Mr. K. Srinivasan, a Consulting Company Secretary, Bangalore, was appointed as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. The results of the Postal Ballot were announced by the Chairman & Managing Director of the Company at the registered office of the Company on March 17, 2008.

Details of resolutions passed under Postal Ballot are as under:

- (i) Special resolution for change of name of the Company from MindTree Consulting Limited to MindTree Limited.

Voting Pattern:

Votes Cast	No. of Votes	% of total valid votes
Votes cast in favour	23,642,658	99.99
Votes cast against	2,603	0.01
Total	23,644,261	100.00

Result: Passed with the requisite majority

- (ii) Ordinary resolution for authorisation to borrow moneys pursuant to Section 293(1) (d) of the Companies Act, 1956.

Voting Pattern:

Votes Cast	No. of Votes	% of total valid votes
Votes cast in favour	23,619,948	99.95
Votes cast against	12,000	0.05
Total	23,631,948	100.00

Result: Passed with the requisite majority

- (ii) Special resolution for approval for variation of utilisation of Initial Public Offer proceeds pursuant to Section 61 of the Companies Act, 1956.

Voting Pattern:

Votes Cast	No. of Votes	% of total valid votes
Votes cast in favour	23,627,525	99.98
Votes cast against	4,189	0.02
Total	23,631,714	100.00

Result: Passed with the requisite majority

Financial year 2008-09

Our tentative calendar for declaration of results for the financial year 2008-09 is given as below:

Financial Results	Likely release of results
For the quarter ending June 30, 2008	July 16, 2008
For the quarter ending September 30, 2008	October 16, 2008
For the quarter ending December 31, 2008	January 16, 2009
For the year ending March 31, 2009	April 16, 2009

Interim Dividend for the year 2007-08

Your Board of Directors declared an Interim Dividend of Rs. 1/- per share on the equity shares of Rs.10 each on October 23, 2007 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 30, 2007.

Final Dividend for the year 2007-08

Your Board of Directors has recommended a final dividend of Rs. 1 per share on the equity shares of Rs. 10/- each on April 16th, 2008. If approved by the members in the forthcoming general meeting, dividend would be paid on or after June 30, 2008 and within the period as stipulated under the Companies Act, 1956.

Date of Book Closure

Our Register of members and the Share Transfer Register will remain closed from June 21, 2008 to June 30, 2008 to (both days inclusive) for payment of final dividend for 2007-08.

Recognition and Award

During the year, we have been selected as one of the Top 25 companies in India for Excellence in Corporate Governance practices by The Institute of Company Secretaries of India partnering with Ministry of Corporate affairs. The selection criteria for this award included best Board Systems and Procedures, Board Independence and Governance, Transparency and disclosure, Stakeholder Value Enhancement, Corporate Social Responsibility, Creative and Contributive Capabilities of Top Management, Future Vision and other good corporate governance initiatives.

Means of Communication

At MindTree we would like to constantly communicate to our investors about our operations and financial results. Besides publishing the abridged financial results in Business Standard and Prajavani (the regional newspaper as per the clause 41 of the listing agreement) the complete financial statements have been published on our website (www.mindtree.com). The transcript of the calls with the analysts has also been published on our website.

Corporate Identity Number ('CIN')

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

Distribution of Shareholding

Range of equity shares held	As at March 31, 2008				As at March 31, 2007			
	No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
Upto 500	80,405	98.42%	2,981,720	7.86%	79,749	98.48%	2,169,758	5.75%
501-1,000	575	0.70%	432,014	1.14%	517	0.64%	386,255	1.02%
1,001-2,000	338	0.42%	489,129	1.29%	285	0.35%	413,168	1.09%
2,001-3,000	113	0.14%	276,814	0.73%	115	0.14%	284,037	0.75%
3,001-4,000	74	0.09%	261,076	0.69%	65	0.08%	224,530	0.59%
4,001-5,000	34	0.04%	157,361	0.42%	47	0.06%	215,019	0.57%
5,001-10,000	64	0.08%	474,420	1.25%	97	0.12%	705,037	1.87%
10,001 and above	91	0.11%	32,848,024	86.62%	105	0.13%	33,354,773	88.36%
Total	81,694	100.00%	37,920,558	100.00%	80,980	100.00%	37,752,577	100.00%

Dematerialization of Shares

The Company's shares are admitted into both the depositories i.e National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As of March 31, 2008, 68.41 % of the Company's shares are held in electronic form.

Investor Grievances & Share Transfer System

We have an Investor Grievances Committee represented by the BOD to examine and redress shareholders' and investor complaints. The status on share transfers is reported to the Board. Details of complaints received and their nature is provided below.

The process and approval of share transfer has been delegated to the Company Secretary. For shares transferred in physical form, the Company gives adequate notice to the seller before registering the transfer of shares. The Company Secretary approves the share transfers and reports the same to the Board of Directors at their meeting. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Intime Spectrum Registry Limited, our registrar and share transfer agent. The address is given in the section on shareholder information.

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

Registrars and Share Transfer Agents:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bandhup (W)
Mumbai 400 078, India
Tel: +91 22 2596 3838

Address for correspondences with regard to shares of the Company:

Usha T N
Company Secretary and Compliance Officer
Tel: +91 80 67061621, Fax: +91 80 2671 4000
E-mail: Investors@mindtree.com

Registered Office

No.42, 27th Cross,
Banashankari II Stage
Bangalore - 560 070, Karnataka, India
Tel:+91 80 2671 1777, Fax: +91 80 2671 4000
Website: www.mindtree.com

Listing on Stock Exchanges

Your Company's equity shares are listed on the following stock exchanges as at March 31, 2008:

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

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

Listing fees for 2007-08 has been paid both for NSE and BSE.

ISIN Number for equity shares INE018I01017.

Shareholding pattern

Category	Category of the shareholder	Number of shareholders	Total number of shares	Number of shares held in demat form	% holding
(a)	Promoter & Promoter Group Holding				
1	Indian Promoters				
	Individual / HUF	10	11,459,611	11,106,036	30.22
2	Foreign Promoters				
	Bodies Corporate	1	1,932,663		5.10
	Total Promoter and Promoter Group Holding	11	13,392,274	11,106,036	35.32
(b)	Public Shareholding				
1	Institutional Investors				
(a)	Mutual Funds / UTI	1	211,767	211,767	0.55
(b)	Financial Institutions / Banks	10	450,076	450,076	1.19
(c)	FII	15	745,510	745,510	1.97
	Sub Total (b)(1) :	26	1,407,353	1,407,353	3.71
2	Non-Institutions				
(a)	Bodies Corporate	962	3,362,421	3,362,421	8.87
(b) i	Individual (Capital <= Rs. 1 Lakh)	79,798	4,390,531	4,123,469	11.58
(b) ii	Individual (Capital > Rs. 1 Lakh)	44	1,534,128	1,136,178	4.05
(c)	Clearing Members	211	96,798	96,798	0.26
(d)	Foreign Nationals	8	289,781	226,481	0.76
(e)	Non Resident Indians	614	202,088	161,738	0.53
(f)	Foreign Companies	4	13,022,439	4,290,909	34.34
(g)	Independent Director	1	3330	3330	0.01
(h)	Trusts	15	219,415	25,305	0.58
	Sub Total (b)(2) :	81,657	23,120,931	13,426,629	60.97
	Total Public Share Holding (b)=(b)(1)+(b)(2):	81,683	24,528,284	14,833,982	64.68
	Total (a)+(b)	81,694	37,920,558	25,940,018	100.00

Second Tier: Governance at the Board of Directors Level

Seven Non-Executive members and two Executive members constitute our Board of Directors. Of the seven Non Executive Directors, five are Independent Directors. The Chairman of the Board is an Executive Director.

Other Directorships held by our Directors as of March 31, 2008:

Name of directors	Position	Relationship with other directors	Age in years	Directorship in other Indian public companies	Position on Audit & Investor Grievances Committees in other Indian public companies	
					As chairman	As member
Ashok Soota	Chairman of the Board and Managing Director, Executive and Founder Director	None	65	-	-	-
Subroto Bagchi	Chief Operating Officer, Executive and Founder Director	None	50	-	-	-
Siddhartha V G	Non Executive Director, Nominee Director of Global Technology Ventures Limited, an equity investor in the Company.	None	48	3	-	1
Lip-Bu Tan	Non Executive Director, Nominee Director of Walden Software Investments Limited, an equity investor in the Company.	None	48	-	-	-
Dr. Albert Hieronimus	Non Executive Director and Independent director	None	61	1	-	-
George M Scalise	Non Executive Director and Independent director	None	73	-	-	-
Mark A Runacres	Non Executive Director and Independent director	None	48	-	-	-
Vittal N	Non Executive Director and Independent director	None	70	-	-	-
Srinivasan R	Non Executive Director and Independent director	None	66	11	4	5

Board Meetings:

The calendar of Board Meetings is decided in consultation with board and the schedule of meetings is communicated to all Directors in advance to enable them to schedule their other meetings. Our Board met four times in the financial year 2007-08 on April 28, 2007, July 24, 2007, October 23, 2007 and January 22, 2008.

The attendance of directors at the Board meetings and last AGM held on July 25, 2007:

Name of Directors	Attendance at board meetings/ Total meetings after appointment as Director	Whether attended last AGM (Yes/No/NA)
Ashok Soota	4/4	Yes
Subroto Bagchi	4/4	Yes
Siddhartha V G	3/4	Yes
Lip-Bu Tan	4/4	No
Vivek Kalra*	4/4	No
Dr. Albert Hieronimus	4/4	Yes
George M Scalise	4/4	No
Mark A Runacres	4/4	No
Vittal N	4/4	Yes
Srinivasan R	4/4	No

*Ceased to be a director with effect from January 22, 2008

Directors' shareholding in the Company

Name of Directors	No. of shares held
Ashok Soota	4,387,837
Subroto Bagchi	2,161,977
Siddhartha V G**	0
Lip-Bu Tan**	0
Vivek Kalra**	0
Dr. Albert Hieronimus	0
George M Scalise	0
Mark A Runacres	0
Vittal N	0
Srinivasan R	3,330

*Ceased to be a director with effect from January 22, 2008

** Do not hold any shares in individual capacity. These are nominee directors of investors and details of shareholdings of those investors are mentioned below.

Directors retiring by rotation

Mr. Siddhartha V G, Mr. Lip-Bu Tan and Mr. Srinivasan R will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting. Their brief resume is attached to the notice of AGM. The Board of Director have recommended their re-appointment and seek shareholders approval.

Recent Management changes

The Company has made changes in the executive management effective April 1, 2008 as mentioned below.

Name	Erstwhile Role	New Role
Subroto Bagchi	Chief Operating Officer	Gardener
Krishnakumar N	President and CEO, IT Services	CEO
Scott Staples	Executive Vice President and Head- America Operations	President and Co-CEO, IT Services
Anjan Lahiri	Executive President and Head-Europe Operations	President and Co-CEO, IT Services
Vinod Deshmukh	Executive Vice President and Chief Technology Officer, R&D Services	President and Co-CEO, R&D Services
N.S. Parthasarathy	Executive Vice President, IT Services	Chief Operating Officer
Salil Godika	-	Chief Strategy Officer

Disclosure of related party transaction

During the year 2007-08, no materially significant related party transaction 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 non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities Exchange Board of India ("SEBI") or any statutory authority, on any matter related to capital markets, during the period from March 7, 2007 to March 31, 2008.

The Company had complied with all requirements on matters related to capital market since listing.

Compliance with 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 the clause 49 of the Listing Agreement, the Company has set up Compensation committee and has a whistle blower policy in place.

Whistle Blower

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

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 to ensure effective controls.

Information provided to the Board Members

- Annual operating plans and budgets including capital budgets and any updates thereof;
- Quarterly results for the Company and its business segments;
- Minutes of meetings of Audit Committee and other committees of the board;
- The information on recruitment and remuneration of senior officers just below the board level;
- 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 nonpayment for services rendered by the company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and any acquisitions;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Significant development on the people front;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Remuneration Policy

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

Criteria for making payment to Non Executive Directors:

Section 309 of the Companies Act, 1956 provides that 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 Extra-ordinary General Meeting of the Company held on November 16, 2006, approved payment of remuneration by way of commission to Independent Directors, at a sum not exceeding 1% per annum of the net profits. The Company has paid Rs. 5,998,000 as commission and Rs 1,200,000 as sitting fee to the Independent Directors. Neither remuneration/commission nor sitting

fee was paid to any of the Non-Executive and Non Independent Directors.

The commission and the sitting fee have been arrived at as below:

- 1 Fixed pay/commission for four of the Independent Directors Rs 1 Million;
2. Fixed pay/commission for one of the Independent Director Rs 1.99 Million (US\$ 50,000);
3. Sitting fee based on the attendance at the Board meetings Rs 10,000 per meeting;
4. Chairman of Audit Committee Rs 1,25,000; and
5. Chairman of other Committees Rs 1,25,000.

Period of Contract, Notice Period and Severance Pay of Directors

Chairman & Managing Director & the Executive Director

There is no specific period of contract of service for the Chairman & Managing Director and for the Executive Director. The notice period is 6 months.

Non-Executive Directors

The Non-Executive Directors are the nominees of the investors and their nomination and service is determined by the Shareholders' agreement with those investors.

Independent Directors

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

There is no severance pay to any of the Directors.

Stock Options to Independent Directors

The following table shows the details of stock options to Independent Directors outstanding as at March 31, 2008. The contractual life of each option is 4 years after the date of the grant.

Name	Stock options (No.)	Grant price
Dr. Albert Hieronimus	10,000	Rs 300
George M Scalise	30,000	Rs 300
Mark A Runacres	10,000	Rs 300
Vittal N	10,000	Rs 300
Srinivasan R	10,000	Rs 300

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.

The investors, represented by Nominee Directors as mentioned above hold shares in the Company:

Name of the shareholder	No. of shares held
Walden Software Investments Limited	6,728,535
Global Technology Ventures Limited	2,648,561

Details of Remuneration to all Directors

Name	Fixed salary (including perquisites)	Bonus	Sitting fees	Commission	Total compensation
Ashok Soota	5,202,526	970,058	-	-	6,172,584
Subroto Bagchi	8,942,745	-	-	-	8,942,745
Siddhartha VG	-	-	-	-	-
Lip Bu Tan	-	-	125,000	-	125,000
Vivek Kalra*	-	-	-	-	-
Dr. Albert Hieronimus	-	-	165,000	1,000,000	1,165,000
George M Scalise	-	-	40,000	1,998,000	2,038,000
Mark A Runacres	-	-	290,000	1,000,000	1,290,000
Vittal N	-	-	540,000	1,000,000	1,540,000
Srinivasan R	-	-	40,000	1,000,000	1,040,000

*Ceased to be a director with effect from January 22, 2008

Note: 1) The above amounts exclude benefits accrued by the Company in respect of leave encashment and gratuity, as they are provided for the Company as a whole based on actuarial valuation.

2) The above amounts also exclude stock compensation cost of Rs 1,190,000 arising out of grant of stock options to Independent Directors.

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

Board Committees

The Board has constituted the committees and has assigned the terms of reference. The Chairman of each committee along with the other members of the committee, and if required other member 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. Investors Grievances Committee;
3. Compensation Committee;
4. Administrative Committee;
5. Technology Committee; and
6. Strategic Initiatives Committee.

Audit Committee

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

Audit Committee Meeting and the attendance

Our Audit Committee has met four times during the year on April 28, 2007, July 24, 2007, October 23, 2007 and January 22, 2008.

Members of Audit Committee & details of the attendance of Directors are given below:

Director		Position	Attendance
Vittal N	Independent Director	Chairman	4/4
Siddhartha V G	Non-Executive Director	Member	3/4
Dr. Albert Hieronimus	Independent Director	Member	4/4
Srinivasan R	Independent Director	Member	4/4

Investors Grievances Committee

The Investors 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 etc; 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 Committees consists of the following directors:

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

Ms. Usha T N, Company Secretary acts as the Compliance Officer.

The Investors Grievances Committee met on July 24, 2007.

Details of complaints received and resolved for the year ended March 31, 2008:

Nature of complaints	Opening	Received	Resolved	Outstanding as at 31 March 2008
Non receipt of refund orders and/or non credit of shares in demat account	294	2,696	2,986	4

Compensation Committee

The Compensation Committee is responsible to:

- Assist the Board of directors in ensuring that affordable, fair and effective compensation philosophy and policies are implemented;
- Approve and make recommendations to the Board in respect of director's fees, salary structure and actual compensation (inclusive of performance based incentives and benefits) of the executive directors, including the Chief Executive Officer;
- Review and approve the compensation and Employee Stock Option Plan ('ESOP') 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;
- Criteria for selection and appointment of Non-Executive Directors; and
- Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or director's compensation

The Compensation Committee comprises of the following Directors:

- Mark Runacres Chairman, Independent Director
- Lip Bu Tan, Non-Executive Director
- Srinivasan R, Independent Director

Mr. Puneet Jetli, Vice President & Head - People function is the secretary to the Compensation Committee.

The Compensation Committee met on July 24, 2007 and January 22, 2008, during the year.

Administrative Committee

The Board has also 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 Ashok Soota, Subroto Bagchi and Mr. Siddhartha V G. This Committee meets as and when there is a need to carry out any urgent business transaction, which would need the approval of the Board of Directors.

Technology Committee

The Board has constituted a Technology Committee to review and set technology direction to the company, on January 15, 2007. This Committee meets at the discretion of the Chairman of the Committee.

The Technology Committee comprises the following Directors:

- Lip Bu Tan - Chairman
- George Scalise

Strategic Initiatives Committee

The Board has constituted a Strategic Initiatives Committee on January 22, 2008 to handle any merger and acquisition opportunities of the Company and other related activities.

Strategic Initiatives Committee is responsible for:

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

The members of this Committee are:

- Ashok Soota, Chairman
- Dr. Albert Hieronimus, Member
- Lip Bu Tan, Member
- R Srinivasan, Member
- V G Siddhartha, Member

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

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

Governance by the Management

Details of Public Issue and Utilization thereof

During 2006-07, MindTree raised funds through an Initial Public Offering (IPO) of 5,593,300 equity shares of Rs 10 each at a premium of

Rs 415 per share. The issue was open for subscription for the period from February 9, 2007 to February 14, 2007. An amount of Rs 2,377 million was raised through this IPO.

The utilization of IPO proceeds is as below:

Particulars	Projection in prospectus	Variation approved by Shareholders*	Actual utilized till March 31, 2008
Fund a new development centre in Chennai	1,207	1,207	812
Prepay certain loans	188	114	114
General corporate purposes	753	867	-
Share issue expenses	229	189	189
Total	2,377	2,377	1,115

*Variation in utilisation of IPO proceeds was approved by Shareholders through Postal Ballot on March 17, 2008.

The remaining unutilised amount was invested in mutual funds and in bank deposits pending utilisation.

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.

Auditors Certificate on Corporate Governance

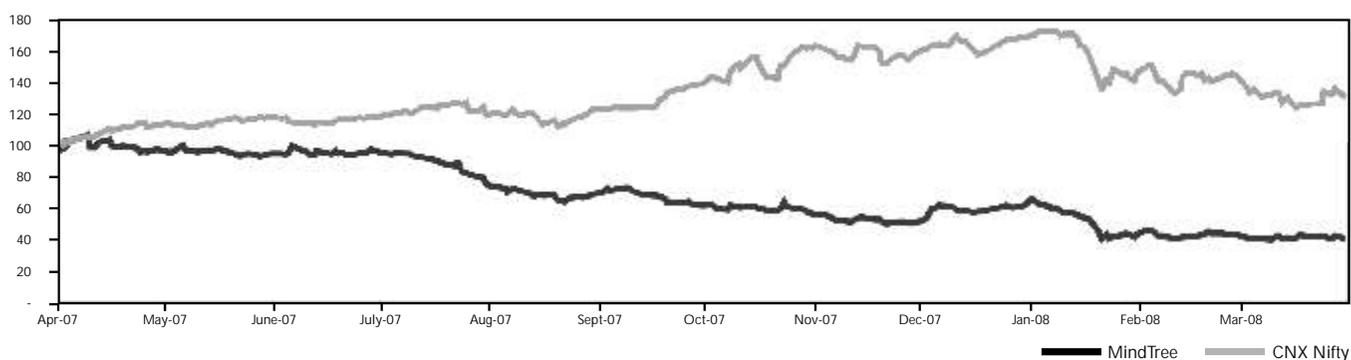
As required by Clause 49 of the Listing Agreement, the auditor's certificate is obtained and provided in the Annual Report.

Market Price Data

The equity shares of the Company were listed in the stock exchanges for 2007-08.

Date	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (No.)	High (Rs)	Low (Rs)	Volume (No.)
April 2007	890.90	705.00	15,071,586	890.00	700.00	16,739,571
May 2007	837.80	740.00	5,626,419	836.70	750.10	7,249,613
June 2007	834.00	754.05	4,561,701	834.40	755.00	5,249,148
July 2007	803.70	643.10	1,712,165	804.45	635.10	2,424,841
August 2007	645.00	518.15	1,349,067	645.35	520.00	2,116,255
September 2007	613.30	507.20	1,079,551	614.00	458.85	1,449,999
October 2007	532.50	450.00	1,025,451	533.00	427.15	1,753,148
November 2007	484.70	360.00	408,176	524.00	408.10	831,602
December 2007	519.90	417.50	974,715	540.00	418.50	1,541,951
January 2008	552.00	322.00	761,937	552.00	290.00	1,238,831
February 2008	392.50	330.00	246,161	395.00	330.00	408,840
March 2008	360.00	321.30	304,058	365.00	320.00	404,148
Total			33,120,987			41,407,947

MindTree price movements in NSE compared with CNX Nifty



Management Discussion and Analysis

Indian IT Industry

Over the last few decades, the Indian IT industry has grown in strength and value, and today serves a significant portion of the global information technology outsourcing needs, by leveraging its large, highly qualified and growing talent base. As per a recent NASSCOM report, IT Software and Services constituted 71.9% of Indian IT exports in FY2008, and accounted for about \$29.3 billion in value. The overall IT and related industries in India are estimated to have grown at a rate of 33% during this financial year. An estimated 2 million professionals are employed directly in this sector. Further, NASSCOM estimates that 8 million additional jobs have been created through indirect employment.

While Indian players have long positioned themselves as 'offshore service providers', this is slowly changing, with Indian vendors building larger front-ending presence in client locations predominantly in the US and Europe through high-value services such as consulting and integrating these services into their delivery models. By doing so, they are narrowing the gap between themselves and large multinational incumbents. Today, Indian players successfully compete aggressively for large global deals through providing a range of services at competitive costs.

Today, customers worldwide are looking towards IT to provide tangible business value to help them differentiate themselves in the markets that they compete in, and to add to their portfolio of capabilities. In such an environment, it becomes imperative that technology providers understand the business of their customers to great depth and incorporate a solution-based approach rather than a technology-led approach to services. In this aspect too, Indian players are working towards narrowing the gap with respect to the large incumbents.

Indian IT is also playing a key role in global technology IP creation. NASSCOM reports that exports from high-value-added services such as engineering, R&D and offshore product development grew by 23% to reach \$6.3 billion in FY2008.

Financial Performance

Income

Income from software development:

Rs. Million					
Revenue	Year ended March 31, 2008	%	Year ended March 31, 2007	%	Growth %
Overseas	6,865	92.8	5,534	93.7	24.1
Domestic	533	7.2	369	6.3	44.4
Total	7,398	100.0	5,903	100.0	25.3

Our revenues for the year is Rs. 7,398 million and have grown by 25.3% in rupee terms and 40.9% in USD terms.

On December 17, 2007, the Company acquired 100% of the outstanding equity shares of TES PV Electronic Solutions Private Limited ('TES PV'), which was subsequently renamed as MindTree Technologies Private Limited (MTPL). The total consideration for the acquisition was Rs 259.7 million (equivalent to USD 6.55 million) including direct costs of acquisition amounting to Rs 1.76 million. Subsequent to the acquisition, MTPL has become a fully owned subsidiary of MindTree. Consequently, MTPL's revenues for 4 months ended March 31, 2008 of Rs 64.8 million has been included in the above revenues of Year ended March 31, 2008.

We have 206 active customers as at March 31, 2008 of which 41 are Fortune 500 accounts.

Our million dollar client count is follows:

No of million dollar clients*	March 31, 2008	March 31, 2007
\$1 million clients	46	31
\$5 million clients	6	4
\$10 million clients	2	2

*Based on last 12 months revenues

We provide our software development services on time-and-material basis or fixed-price basis. Revenue from software development on time-and-material basis is recognized as the related services are rendered. Revenue from fixed-price contracts is recognised using the

proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Our revenues by project type are as follows:

Project Type	March 31, 2008	March 31, 2007
Fixed price	21.1%	26.3%
Time and Material	78.9%	73.7%
Total	100.0%	100.0%

Our revenue breakdown by service offerings is given below:

Service offerings	March 31, 2008	March 31, 2007
Development	55.4%	64.7%
Maintenance	28.5%	22.3%
Consulting	3.7%	4.5%
Package Implementation	3.9%	2.8%
Independent Testing	5.0%	2.7%
Infrastructure Management and Tech Support	3.4%	1.2%
IP Licensing	0.1%	1.2%
Other Services	0.0%	0.6%
Total	100.0%	100.0%

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

Effort mix	March 31, 2008	March 31, 2007
Onsite	13.4%	14.9%
Offshore	86.6%	85.1%
Total	100.0%	100.0%

Revenue mix		
Onsite	27.8%	29.2%
Offshore	72.2%	70.8%
Total	100.0%	100.0%

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

Year ended	Rs. Millions			
	March 31, 2008	%	March 31, 2007	%
America	4,865	65.7	3,735	63.3
Europe	1,366	18.5	1,306	22.1
India	421	5.7	305	5.2
Rest of World	746	10.1	557	9.4
Total	7,398	100.0	5,903	100.0

Our operations predominantly relate to providing IT services in two primary business segments viz. IT Services and R&D Services. Revenues in these segments are as follows:

Year ended	Rs. Millions				
	March 31, 2008	%	March 31, 2007	%	Growth %
IT Services	5,730	77.5	4,459	75.5	28.5
R&D Services	1,668	22.5	1,444	24.5	15.5
Total	7,398	100.0	5,903	100.0	25.3

Under IT Services and R&D Services, we are organized by Industry Groups (Verticals). The revenue mix of these verticals in 2007-08 as compared to 2006-07 is as follows:

IT Services

Industry Groups	March 31, 2008	March 31, 2007
Manufacturing	27.1%	30.4%
Banking and Financial	25.4%	21.0%
Travel and Transportation	17.7%	17.8%
Hitech	16.1%	12.9%
Others	13.7%	17.9%
Total	100.0%	100.0%

R&D Services

Industry Groups	March 31, 2008	March 31, 2007
Storage and Servers	41.9%	38.7%
Consumer Appliances	29.6%	25.2%
Communication Systems	11.6%	16.6%
Automotive and Industrial Systems	16.0%	16.3%
Multimarkets	4.1%	-
Total	100.0%	100.0%

Other income

Other income for the year ending March 31, 2008 is Rs. 279 million and has increased by about 280% over the previous year. Other income grew significantly over the previous year because we had greater investments (from the IPO as well as cash generated during the year) and profitable treasury operations. Other income comprises interest income on account of deposits by banks, Profit from sale of investments, Dividend from investments and exchange gain, Miscellaneous income (comprising sponsorships received for our annual technology festival, rental income from sub-lease of properties & miscellaneous interest income).

Analysis of expenses

- Software development expenses (Rs 4,725 million) as a % of revenue has marginally increased to 64% for the year ended March 31, 2008 from 62% for the year ended March 31, 2007. In absolute terms, there was an increase of Rs 1,065 million (29% over the previous year). The main reasons for the increase were salary increases (Rs 947 million) which accounted for about 89% of the increase and other increases of travel, software purchases, consumables and staff welfare of Rs 161 million. Expenditure such as Communication expenses, sub contractor charges decreased by Rs 23 million due to better control. Purchase of 2 buildings at our Mysore Road Campus helped in reduction of Rs 6 million in rent expenses. Post contract support services decreased by Rs 14 million due to revised provision based on past trends.
- Administrative expenses (Rs 1,419 million) as % of revenue has decreased from 19.2% for the year ended March 31, 2007 to 18.5% for the year ended March 31, 2008. In absolute terms, there was an increase of Rs 272 million (24% over the previous year). Increases of Rs 331 million in various expense heads were mainly offset by a reduction in rent and advertisement expenses of Rs 56 million and other expenses (Rs 3 million).
- Interest increased by Rs 29 million to Rs 59 million for the year ended March 31, 2008 as compared to Rs 30 million for the year ended March 31, 2007. The increase of Rs 30 million in term loan interest was offset by a decrease of Rs 1 million in short term credit / finance charges.

Profitability and Margins

- Our average rate realization for the year was Rs 40.93 to a dollar inspite of a steep rupee appreciation of about 12% from 2006-07 demonstrating efficiency in our treasury operations. We were able to grow profits and defend margins mainly due to volume and price growth, cost control, operational synergies etc.
- EBITDA margins for the year ended March 31, 2008 was at 20% as compared to 19.6% for the year ended March 31, 2007.
- Our effective tax rate based on current taxes is about 11.5% as compared to about 4.6% in 2006-07. The increase is mainly due to increased taxes on account of our international operations where we have used up our accumulated losses earlier.
- Net profits (Rs 1,033 million) grew by 14.7% for the year ended March 31, 2008 as compared to Rs 901 million for the year ended March 31, 2007.

Outlook for FY 2008-09

For FY 2008-09, MindTree expects to achieve \$ 228-238 Million in software revenues, indicating a growth of 24-29% as compared to FY2007-'08. PAT is expected to be in the range of \$31.7-33.1 Million, representing a growth of 23-29%. EPS is expected to be in the range of Rs 32.7-34.1, a growth of 19-24%. The above guidance is on the basis of Rs 39.40/\$.

Significant changes in Balance Sheet items

- Secured loans increased to Rs 919 million at March 31, 2008 as compared to Rs 264 million at March 31, 2007 mainly because of increase in term loans from banks. However, there was a decrease of other loans by Rs 165 million taking it to a zero short term borrowings at March 31, 2008.
- Additions to fixed assets at March 31, 2008 was Rs 2,188 million mainly because of Leasehold Land, Buildings, leasehold improvements (purchase of 2 buildings at Mysore Road facility and investment in Chennai SEZ unit), for Rs 1,808 million, assets of MTPL (Rs 107 million) and others (Rs 273 million). Capital work in progress increased by Rs 101 million mainly due to the work in progress at the SEZ facility at Mysore Road campus and Chennai SEZ facility.
- Investments decreased to Rs 1,395 million at March 31, 2008 as compared to Rs 2,141 million at March 31, 2007. The funds realized from the redemption of investments were used to pay off some of the older debts, capex expansion of the Chennai building and related interiors (out of IPO proceeds) and acquisition of TES PV.
- On December 17, 2007, the Company acquired 100% of the outstanding equity shares of TES PV Electronic Solutions Private Limited ('TES PV'), which was subsequently renamed as MindTree Technologies Private Limited (MTPL). The total consideration for the acquisition was Rs 259.7 million. Goodwill of Rs 214.1 million was recorded at March 31, 2008 after allocation of net assets of Rs 45.6 million.
- The Days Sales Outstanding (DSO) on debtors at March 31, 2008 is 87 days as compared to 79 days at March 31, 2007. We are concerned about this increase and are working on measures to reduce the same in the coming year.

Opportunities, Threats, Risks & Concerns

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

Comprehensive range of Services: We have developed a comprehensive range of service offerings in the IT Services and R&D Services business in order to address the varied and expanding requirements of our clients. With development centres in India and the U.S., we offer IT strategic consulting, application development, data warehousing and business intelligence, application maintenance, package implementation, product architecture, design and engineering, embedded software, technical support, testing, and infrastructure management services to our customers. The R&D research team creates and develops intellectual property primarily in the short-range wireless communication segment and licences and customizes such IP for our clients. We believe that our comprehensive range of offerings help our

clients achieve their business objectives and enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.

Long term client relationships: We have successfully demonstrated the ability to manage large client relationships. This is reflected in the long duration of our relationships and the depth of our service offerings for some of our largest clients. We conduct a half-yearly customer experience survey with our clients to help us understand our clients' needs and expectations and improve client performance. We believe that our ability to be accessible to our customers, the personal attention we give them, our flexible approach and agility to meet customer requirements and our positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength. In our client engagements, we leverage our industry experience with our high quality processes, project management capabilities and breadth of technical expertise. Our ability to rapidly service client requirements, both onsite in client geographies and offshore in India enables us to effectively respond to the demands of our large clients. Our senior executives and dedicated account managers continuously maintain and develop these relationships through multiple contacts at different levels in the clients' organizations. In addition, for strategic clients, an identified senior executive is responsible for the overall client relationship and conducts periodic reviews with the client.

Global delivery model: Our hybrid delivery model OneShore represents our method for global development that achieves a balance of quality, cost savings and localizations. OneShore reflects our company culture. We recognize that technology services firms cannot deliver quality and cost-and-time savings unless they are committed to integrating disparate people, cultures, business processes and skill sets into a single corporate vision. OneShore represents a fusion of global resources that is designed to enable us to pursue the same strategy and vision for our customers at a consistently high service level wherever they are located. The customer centric approach inherent in the OneShore model enables us to achieve high standards of quality in our delivery organization. This is demonstrated by our achieving CMMI Level 5 and P-CMM Level 5 quality standards within five years of our inception.

Preferred place to Work: We have consistently appeared in various surveys conducted to ascertain the best employers in India and have received various accolades in this regard. We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. We believe that it is our transparent evaluation criteria, inclusive approach to our people, focus on training, competitive compensation packages, being a value-based organization, open communications policies and our ability to prepare our people for leadership roles that has resulted in lower attrition rate. We were ranked second in the survey conducted by Business Today, Mercer and TNS on the "Best Companies to work for in India" in 2007. We also won the Gold Award for Excellence in People Management by the Great Places to Work Institute. We were ranked among the top 10 in the Great Places to Work survey conducted by Businessworld and the Great Places to Work Institute.

Knowledge Management and Innovation: We leverage effective knowledge management techniques through a well planned knowledge

ecosystem to nurture, share and tap knowledge. We view innovation and knowledge creation as a key strength and will continue to help us deliver value to our customers. This focus of ours has also resulted in our receiving industry recognitions such as the #1 rank for the Most Admired Knowledge Enterprise (MAKE) Award and NASSCOM Innovation Award 2007. We were awarded a Silver Trophy at the EMPI-Indian Express Innovation Awards 2006.

Experienced management team: The experience of the MindTree management team in building large professional service organizations extends back over 20 years. We were incorporated in 1999 by ten industry professionals who have an average of 20 years of industry experience. Our management team came from diverse backgrounds and geographies and with different areas of specialization within the IT industry. Our co-founders have previously worked with leading IT consulting companies including Cambridge Technology Partners, Lucent Technologies and Wipro Limited and bring a significant amount of experience in building and developing IT businesses. The founding team was led by Ashok Soota, who was, immediately prior to co-founding MindTree, Vice Chairman of Wipro Limited, one of India's largest software companies. We are strongly consulting led in our IT Services business and strongly IP led in our R&D Services business.

Threats, Risks & Concerns

Competition: MindTree is organized into two divisions - Information Technology Services ("IT Services") and Research and Development Services ("R&D Services"). The market for both IT Services and R&D Services is highly competitive and rapidly evolving. We primarily face competition from Indian as well as international technology services companies, divisions of large multinational technology firms, and captive offshore centers of large corporations. Our mature global delivery model, range of services offered, our level of technical expertise and talented pool of people and our culture help differentiate us from some of our competitors. We believe that price alone is not a sustainable competitive advantage in an environment where IT and R&D Services are becoming increasingly critical to the client's core corporate strategy. We have therefore endeavored to develop competitive strength through our ability to provide personalized service to our clients. Our recent reorganization into an industry-vertical focused company would help us build deeper capabilities in these industry domains, and serve the needs of our customers better.

Talent acquisition: Our success depends in large part upon our highly skilled software professionals and our ability to attract and retain these personnel. Due to the limited pool of available skilled personnel in both IT Services and R&D Services, 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. On a periodic basis, the operations team publishes Company-wide utilization and reviews the staffing needs based on business visibility. We are also expanding our locational presence to tap

the talent pools in under-saturated cities. During this year, we opened a large facility in Chennai and plan to start operations in Bhubaneswar in the near future.

Foreign currency rate fluctuations: Majority of our revenues are in foreign currencies and that a significant portion of our expenses are in Indian Rupees. The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the 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. In addition, where we were working with non-US customers under U.S. Dollar-denominated contract, we are looking to renegotiate with the customers to enter into contracts denominated in stronger international currencies, to mitigate the effects of the falling U.S. Dollar

Economic slowdown in global markets: While a minor economic slowdown is likely to boost offshoring to help companies in countries like the US build resilience towards the slowdown by lowering their cost of operations, it is not very clear that this behaviour will continue in the face of a deeper and long-drawn slowdown. However, we are growing our customer base by working with corporates in various segments (including mid-sized companies in the US) and geographies, and have not received direct indications of cutbacks in spending from our existing customers.

Our Strategy

Leverage existing client relationships to enhance our business: We intend to continue to grow our business by enhancing our existing relationships and increasing the scope of engagements with our clients by expanding the breadth of services we offer, pursuing excellence in delivery through innovative practices and leveraging our industry experience. We believe our capability to provide both IT and R&D Services enables us to deepen our relationships with existing clients through cross-selling opportunities.

Target large clients: We intend to diversify our existing client base with the addition of new clients, typically Fortune 1000 companies, which

offer us the potential to scale our relationship with them. We aim to effectively leverage our sales and marketing teams and expand the scope of our engagements with these clients over time. We have offices in multiple locations in the U.S. as well as in the U.K., Germany, the U.A.E., Switzerland, India, Singapore, Australia and Japan. We plan to further expand our geographical coverage by opening new offices in existing as well as new countries. This would enable us to service existing clients in these geographies as well acquire new clients.

Continue our focus on innovation and introduce new technologies: We intend to continue expanding our range of service offerings in order to increase business from our existing clients and to acquire new clients. Historically, we have expanded our service offerings to address new market opportunities in areas such as data warehousing and business intelligence, ERP, mainframe maintenance and re-engineering, hardware design, testing services, and infrastructure management and technical support. We will continue to evaluate our service portfolio in line with future business opportunities.

Leverage both organic and inorganic growth opportunities: Growing our current business by leveraging our customer relationships and entering into new customer relationships is a key priority. At the same time, we are also looking to grow inorganically given the right M&A candidates that would either help us build depth (scale) or breadth in our capabilities.

Strengthen the "MindTree" brand: We intend to enhance our brand recognition and continue investing in developing the "MindTree" brand in our client markets within selected industries in India and abroad. This we believe facilitates making the brand relevant in the minds of different stakeholders such as customers, people, investors, regulators, suppliers, academic institutions etc. We seek to achieve this through various marketing initiatives including targeted analyst outreach programmes, trade shows, white papers, events, workshops, road shows, speaking engagements and global public relations management. We believe that a strong brand will contribute to attracting and retaining talented people and enhancing our lead generation process and client acquisition.

Internal Control Systems and their adequacy: The CEO/CFO Certification provided in the report discusses the adequacy of our internal control systems and procedures.



Financial Statements



Auditors' Report to the Members of MindTree Limited (formerly MindTree Consulting Limited)

We have audited the attached balance sheet of MindTree Limited (formerly MindTree Consulting Limited) ("the Company") as at March 31, 2008 and the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply

with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- (v) on the basis of written representations received from the directors as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for BSR & Associates
Chartered Accountants

Sd/-
Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 16, 2008

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of MindTree Limited [formerly MindTree Consulting Limited] ("the Company") for the year ended March 31, 2008.

We report as follows:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.

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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets and with regard to the rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5.
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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 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. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax Customs duty, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees State Insurance, Wealth tax and Excise duty.

According to the information and explanations given to us, no material undisputed amounts payable in respect of Provident

Fund, Income tax, Sales tax, Service tax, Customs duty, Cess and other material statutory dues were in arrears as at March 31, 2008 for a period of more than six months from the date they became payable.

There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

10. According to the information and explanations given to us, there are no material dues of Income tax, Sales tax, Service tax, Customs duty, and Cess which have not been deposited with the appropriate authorities on account of any dispute.
11. 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.
12. According to the information and explanations given to us and on the basis of examination of books of accounts, the Company has not defaulted in repayment of its dues to banks. The Company did not have any dues to a financial institution or debenture holders during the year.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
15. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
16. 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.
17. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
18. 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.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the register mentioned under Section 301 of the Companies Act, 1956.
20. The Company did not have any outstanding debentures during the year.
21. We have verified the end-use of money raised by public issue as disclosed in the notes to the financial statements.
22. 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 BSR & Associates
Chartered Accountants

Sd/-
Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 16, 2008

Balance Sheet

	<u>Schedule</u>	As at March 31, 2008	(Rs) As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	379,205,580	377,525,770
Share application money		547,100	171,838
Reserves and surplus	2	4,960,548,716	3,977,052,738
		<u>5,340,301,396</u>	<u>4,354,750,346</u>
Loan funds			
Secured loans	3	917,174,452	263,776,266
		<u>6,257,475,848</u>	<u>4,618,526,612</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	3,474,420,178	1,367,892,485
Accumulated depreciation		<u>(1,117,582,744)</u>	<u>(800,319,333)</u>
Net block		2,356,837,434	567,573,152
Capital work-in-progress		232,903,891	131,767,157
		<u>2,589,741,325</u>	<u>699,340,309</u>
Investments	5	1,654,865,791	2,140,562,985
Deferred tax assets, net	15(7)	89,849,151	46,355,361
Current assets, loans and advances			
Sundry debtors	6	1,721,721,253	1,171,608,761
Cash and bank balances	7	546,474,287	767,951,702
Loans and advances	8	992,720,766	830,317,688
		<u>3,260,916,306</u>	<u>2,769,878,151</u>
Current liabilities and provisions			
Current liabilities	9	1,115,345,184	861,631,845
Provisions	10	222,551,541	175,978,349
Net current assets		<u>1,923,019,581</u>	<u>1,732,267,957</u>
		<u>6,257,475,848</u>	<u>4,618,526,612</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 MindTree Limited
(formerly MindTree Consulting Limited)

For BSR & Associates
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Date: April 16, 2008

Rostow Ramanan
Chief Financial Officer

Usha T N
Company Secretary

MindTree Limited (formerly MindTree Consulting Limited)

Profit and Loss Account

	<u>Schedule</u>	For the year ended <u>March 31, 2008</u>	(Rs) For the year ended <u>March 31, 2007</u>
Income			
Income from software development			
Overseas		6,830,586,387	5,534,426,308
Domestic		507,809,069	369,097,560
Other income	11	277,618,941	73,647,603
		<u>7,616,014,397</u>	<u>5,977,171,471</u>
Expenditure			
Software development expenses	12	4,677,844,885	3,659,814,166
Administrative and other expenses	13	1,402,627,378	1,147,352,684
		<u>6,080,472,263</u>	<u>4,807,166,850</u>
Profit before interest, depreciation and tax		1,535,542,134	1,170,004,621
Interest	14	58,948,643	29,987,696
Depreciation	4	349,339,406	244,356,074
Profit before tax		<u>1,127,254,085</u>	<u>895,660,851</u>
Provision for taxation including FBT		128,955,592	41,493,241
Deferred tax (benefit)/charge	15(7)	(43,493,790)	(46,355,361)
Profit for the year		<u>1,041,792,283</u>	<u>900,522,971</u>
Balance in profit and loss account brought forward		1,123,618,738	392,043,256
Amount available for appropriation		<u>2,165,411,021</u>	<u>1,292,566,227</u>
Dividend			
Interim		37,828,107	30,455,220
Proposed		37,920,558	37,752,577
Total dividend		<u>75,748,665</u>	<u>68,207,797</u>
Dividend tax		12,873,486	10,687,395
Amount transferred to General Reserve		<u>104,179,228</u>	<u>90,052,297</u>
Balance in Profit & Loss Account carried forward		<u>1,972,609,642</u>	<u>1,123,618,738</u>
Earnings per share	15(20)		
(Equity shares, par value Rs 10 each)			
Basic		27.69	28.98
Diluted		26.75	27.70
Weighted average number of shares used in computing earnings per share			
Basic		37,625,112	31,069,696
Diluted		38,948,715	32,512,206
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 MindTree Limited
(formerly MindTree Consulting Limited)

For BSR & Associates
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Date: April 16, 2008

Rostow Ramanan
Chief Financial Officer

Usha T N
Company Secretary

Cash flow statement

	For the year ended March 31, 2008	For the year ended March 31, 2007
		(Rs)
Cash flow from operating activities		
Profit before tax	1,127,254,085	895,660,851
Adjustments for :		
Depreciation	349,339,406	244,356,074
Amortization of stock compensation	19,193,756	12,211,803
Interest expense	58,948,643	29,987,696
Interest / dividend income	(174,275,010)	(34,970,023)
Loss /(profit) on sale of fixed assets	(567,985)	503,799
Profit on sales of investments	(25,277,357)	(12,262,281)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,287,656	(939,913)
Operating profit before working capital changes	<u>1,355,903,194</u>	<u>1,134,548,006</u>
Increase in sundry debtors	(550,112,492)	(73,923,846)
Increase in loans and advances	(41,747,821)	(248,781,526)
Increase in current liabilities and provisions	326,997,164	56,412,984
Income taxes and FBT paid	(184,786,215)	(48,130,748)
Net cash provided by operating activities	<u>906,253,830</u>	<u>820,124,870</u>
Cash flow from investing activities		
Purchase of fixed assets	(2,177,755,642)	(558,016,248)
Proceeds from sale of fixed assets	7,541,396	8,846,510
Purchase of business/acquisition	-	(16,844,194)
Interest /dividend received from investments	84,655,239	19,576,418
Purchase of investments	(2,291,785,986)	(2,506,100,000)
Sale/maturities of investments	2,877,038,618	930,315,332
Net cash used in investing activities	<u>(1,500,306,375)</u>	<u>(2,122,222,182)</u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	(119,281,395)	2,365,338,926
Receipt of share application money	547,100	171,838
Interest paid on loans	(59,144,766)	(30,426,401)
Proceeds from term loans	955,000,000	-
Repayment of term loans	(127,670,451)	(185,583,539)
Repayment of finance lease obligation	(23,208,819)	(21,278,810)
Repayment of short term loans, net	(164,700,499)	(286,511,528)
Dividends paid (including distribution tax)	(87,678,384)	(34,711,753)
Net cash provided by financing activities	<u>373,862,786</u>	<u>1,806,998,733</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,287,656)	939,913
Net (decrease)/ increase in cash and cash equivalents	(221,477,415)	505,841,334
Cash and cash equivalents at the beginning of the year	767,951,702	262,110,368
Cash and cash equivalents at the end of the year	<u>546,474,287</u>	<u>767,951,702</u>

As per our report attached

For MindTree Limited
(formerly MindTree Consulting Limited)For BSR & Associates
Chartered AccountantsZubin Shekary
Partner
Membership No. 48814Ashok Soota
Chairman & Managing DirectorSubroto Bagchi
Director

Date: April 16, 2008

Rostow Ramanan
Chief Financial OfficerUsha T N
Company Secretary

MindTree Limited (formerly MindTree Consulting Limited)

Schedules to the balance sheet

	As at March 31, 2008	(Rs) As at March 31, 2007
1. Share capital		
Authorised capital		
79,620,000 equity shares of Rs 10 each (previous year 79,620,000 equity shares of Rs.10 each)	796,200,000	796,200,000
Issued, subscribed and paid-up capital		
37,920,558 equity shares of Rs 10 each fully paid (previous year 37,752,577 equity shares of Rs.10 each)	379,205,580	377,525,770
	<u>379,205,580</u>	<u>377,525,770</u>
- For details of bonus shares issued and consolidation of equity shares, refer to Note 4 of Schedule 15		
- For details of options, in respect of the above equity shares, refer to Note 6 of Schedule 15		
- For details on shares issued through IPO, refer note 1 of schedule 15		
2.. Reserves and surplus		
Securities premium account		
At the commencement of the year	2,750,289,294	835,744,762
Additions during the year		
Issue of shares	-	2,321,219,500
On exercise of employee stock options/customer warrants	11,132,090	36,204,337
	<u>2,761,421,384</u>	<u>3,193,168,599</u>
Deductions during the year		
Issue of bonus shares in the ratio of 4 : 1 (Note 4 of Schedule 15)	-	(253,561,900)
Share issue expenses (Rs 188,717,405 paid out of IPO issue proceeds)	-	(189,317,405)
	<u>2,761,421,384</u>	<u>2,750,289,294</u>
General reserve		
At the commencement of the year	90,052,297	-
Add: Transfer from profit and loss account	104,179,228	90,052,297
	<u>194,231,525</u>	<u>90,052,297</u>
Stock option outstanding account	55,899,185	62,374,950
Less: Deferred employee compensation expense	(23,613,020)	(49,282,541)
	<u>32,286,165</u>	<u>13,092,409</u>
Balance in profit and loss account	1,972,609,642	1,123,618,738
	<u>4,960,548,716</u>	<u>3,977,052,738</u>
3. Secured loans		
From banks		
- Term loans	884,773,997	57,444,448
(Loan from HSBC is secured by a first, pari passu charge on fixed assets and lien on Bank deposit and investment in mutual funds)		
- Other loans	-	164,700,499
(Loan from HSBC Bank and Standard Chartered Bank is secured by a pari passu charge on book debts and other current assets)		
Finance lease obligation	32,400,455	41,631,319
(Secured by hypothecation of assets taken on lease)		
	<u>917,174,452</u>	<u>263,776,266</u>

MindTree Limited (formerly MindTree Consulting Limited)

Schedules to the balance sheet (continued)

Assets	Gross block						Accumulated depreciation			Net block	
	As at April 1, 2007	Additions during the year	Deletions during the year	As at March 31, 2008	As at April 1, 2007	For the year	Deductions during the year	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007	
Leasehold land	51,265,000	340,610,820	-	391,875,820	332,273	11,539,817	-	11,872,090	380,003,730	50,932,727	
Buildings	-	1,280,547,680	-	1,280,547,680	-	20,964,759	-	20,964,759	1,259,582,921	-	
Leasehold improvements	423,657,706	187,233,092	-	610,890,798	195,642,869	73,580,723	-	269,223,592	341,667,206	228,014,837	
Computer systems (including software)	588,043,715	215,105,246	9,366,623	793,782,338	445,553,920	158,879,281	9,366,623	595,066,578	198,715,760	142,489,795	
Furniture and fixtures	43,405,860	17,396,372	3,896,545	56,905,687	38,202,512	15,274,087	3,896,545	49,580,054	7,325,633	5,203,348	
Electrical installations	54,814,426	24,608,344	-	79,422,770	24,956,004	16,720,918	-	41,676,922	37,745,848	29,858,422	
Office equipment	129,944,732	66,097,590	-	196,042,322	55,720,674	34,785,122	-	90,505,796	105,536,526	74,224,058	
Motor vehicles - own	3,132,949	-	-	3,132,949	1,913,257	887,337	-	2,800,594	332,355	1,219,692	
- leased	73,628,097	13,977,955	25,786,238	61,819,814	37,997,824	16,707,362	18,812,827	35,892,359	25,927,455	35,630,273	
TOTAL	1,367,892,485	2,145,577,099	39,049,406	3,474,420,178	800,319,333	349,339,406	32,075,995	1,117,582,744	2,356,837,434	567,573,152	
Previous year	936,785,938	460,668,835	29,562,288	1,367,892,485	576,175,239	244,356,074	20,211,980	800,319,333	567,573,152	-	
Capital work-in-progress									232,903,891	131,767,157	

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 amortized over the period of the lease.

MindTree Limited (formerly MindTree Consulting Limited)

Schedules to the balance sheet (continued)

				(Rs)	
				As at	As at
				March 31, 2008	March 31, 2007
5.	Investments				
	A. Long-term investments - unquoted (fully paid equity shares)				
	- 2,400 (previous year: 2,400) equity shares in Career Community.com Limited			1,398,216	1,398,216
	- 12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited			126,400	126,400
	- 6,000 (previous year: nil) equity shares in MindTree Technologies Private Limited (for details refer Note 5 of Schedule 15)			259,718,592	-
				<u>261,243,208</u>	<u>1,524,616</u>
	Less: Provision for diminution in the value of investments			1,524,616	1,374,216
				<u>259,718,592</u>	<u>150,400</u>
	B. Current investments				
	Non-trade Investments - quoted (valued at lower of cost or market value)				
		Number of Units as at		As at	As at
		March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	Birla Sun Life Mutual Fund (2,504,315 units purchased / 5,254,315 units redeemed during the year)	-	2,750,000	-	27,500,000
	Deutsche Mutual Fund (4,797,892 units purchased / 7,033,412 units redeemed during the year)	5,296,185	7,531,705	52,961,853	75,317,053
	Franklin Templeton Mutual Fund (10,418,283 units purchased / 14,752,787 units redeemed during the year)	-	4,334,504	-	43,345,040
	DSP Merrill Lynch Mutual Fund (420 units purchased / 27,261 units redeemed during the year)	-	26,841	-	26,841,470
	HDFC Mutual Fund (12,084,448 units purchased / 8,336,320 units redeemed during the year)	6,348,128	2,600,000	63,681,246	26,000,000
	HSBC Mutual Fund (117,569,605 units purchased / 100,644,083 units redeemed during the year)	19,501,014	2,575,492	195,139,207	25,754,919
	ICICI Prudential Mutual Fund (28,491,642 units purchased / 28,720,214 units redeemed during the year)	4,131,399	4,359,971	41,316,053	53,795,123
	ING Vysya Mutual Fund (15,616,576 units purchased / 15,514,192 units redeemed during the year)	5,401,303	5,298,919	54,078,382	52,989,192
	Kotak Mahindra Mutual Fund (14,080,896 units purchased / 14,407,053 units redeemed during the year)	2,925,069	3,251,226	35,768,038	32,512,263
	Standard Chartered Mutual Fund (2,899,636 units purchased / 5,727,219 units redeemed during the year)	-	2,827,583	-	28,275,834
	UTI Mutual Fund (2,772 units purchased / 511,781 units redeemed during the year)	-	509,008	-	5,090,085
				<u>442,944,779</u>	<u>397,420,979</u>
	Less: Provision for diminution in the value of investments			-	-
				<u>442,944,779</u>	<u>397,420,979</u>

Description	(Rs)	
	As at <u>March 31, 2008</u>	As at <u>March 31, 2007</u>
	<u>Market Value</u>	
Birla Sun Life Mutual Fund	-	29,890,850
Deutsche Mutual Fund	57,753,253	77,959,861
Franklin Templeton Mutual Fund	-	47,070,113
DSP Merrill Lynch Mutual Fund	-	26,848,552
HDFC Mutual Fund	63,681,246	28,198,300
HSBC Mutual Fund	195,139,207	26,526,794
ICICI Prudential Mutual Fund	41,316,053	57,590,220
ING Vysya Mutual Fund	54,078,382	53,197,440
Kotak Mahindra Mutual Fund	35,768,038	33,521,562
Standard Chartered Mutual Fund	-	28,569,054
UTI Mutual Fund	-	5,094,768
	<u>447,736,179</u>	<u>414,467,514</u>

MindTree Limited (formerly MindTree Consulting Limited)

C. Current investments - Balance IPO money

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

	Number of Units as at		(Rs)	
	March 31, 2008	March 31, 2007	As at March 31, 2008	As at March 31, 2007
Birla Sun Life Mutual Fund (16,404,556 units purchased / 17,813,328 units redeemed during the year)	3,613,580	5,022,352	55,049,996	50,223,517
DBS Chola Mutual Fund (10,502,908 units purchased / 12,008,258 units redeemed during the year)	2,692,801	4,198,151	26,928,182	50,181,760
Deutsche Mutual Fund (10,209,209 units purchased / 10,027,517 units redeemed during the year)	5,181,692	5,000,000	53,002,666	50,000,000
DSP Merrill Lynch Mutual Fund (5,515,751 units purchased / 5,512,049 units redeemed during the year)	53,878	50,176	53,906,176	50,175,889
Franklin Templeton Mutual Fund (10,051,949 units purchased / 10,069,790 units redeemed during the year)	7,503,849	7,521,690	76,785,644	75,216,896
HDFC Mutual Fund (30,083,353 units purchased / 30,085,571 units redeemed during the year)	7,519,175	7,521,393	75,428,607	75,213,926
HSBC Mutual Fund (19,292,571 units purchased / 25,301,008 units redeemed during the year)	5,416,416	11,424,853	54,194,489	114,297,691
ICICI Prudential Mutual Fund (55,138,851 units purchased / 74,547,928 units redeemed during the year)	10,602,578	30,011,655	106,031,084	300,116,551
ING Vysya Mutual Fund (8,604,322 units purchased / 10,040,539 units redeemed during the year)	3,584,052	5,020,269	35,852,355	50,202,693
Kotak Mahindra Mutual Fund (14,654,039 units purchased / 15,346,143 units redeemed during the year)	4,307,896	5,000,000	52,677,390	50,000,000
LIC Mutual Fund (10,904,759 units purchased / 20,917,173 units redeemed during the year)	-	10,012,414	-	100,124,142
Lotus India Mutual Fund (15,850,904 units purchased / 18,335,380 units redeemed during the year)	2,538,959	5,023,435	27,896,808	50,234,352
Principal PNB Mutual Fund (9,592,350 units purchased / 11,420,266 units redeemed during the year)	3,194,105	5,022,021	32,004,935	50,231,258
Reliance Mutual Fund (30,014,827 units purchased / 50,014,827 units redeemed during the year)	-	20,000,000	-	200,000,000
Standard Chartered Mutual Fund (55,642,081 units purchased / 48,501,267 units redeemed during the year)	19,661,288	12,520,474	196,721,021	125,204,742
Sundaram BNP Paribas Mutual Fund (10,584,106 units purchased / 15,608,382 units redeemed during the year)	-	5,024,276	-	50,242,822
Tata Mutual Fund (42,355,174 units purchased / 51,888,109 units redeemed during the year)	10,553,814	20,086,749	105,931,885	200,868,000
UTI Mutual Fund (16,107,440 units purchased / 26,153,177 units redeemed during the year)	-	10,045,737	-	100,457,367
			<u>952,411,238</u>	<u>1,742,991,606</u>
Less: Provision for diminution in the value of investments			208,818	-
			<u>952,202,420</u>	<u>1,742,991,606</u>
			<u>1,654,865,791</u>	<u>2,140,562,985</u>

Description	(Rs)	
	As at March 31, 2008	As at March 31, 2007
	Market Value	
Birla Sun Life Mutual Fund	55,093,720	50,269,221
DBS Chola Mutual Fund	26,938,791	50,211,566
Deutsche Mutual Fund	52,814,404	50,128,000
DSP Merrill Lynch Mutual Fund	53,910,482	50,175,889
Franklin Templeton Mutual Fund	79,538,915	75,315,479
HDFC Mutual Fund	75,428,607	75,213,926
HSBC Mutual Fund	54,194,489	114,469,965
ICICI Prudential Mutual Fund	106,031,084	301,328,551
ING Vysya Mutual Fund	35,852,355	50,202,693
Kotak Mahindra Mutual Fund	52,677,390	50,000,000
LIC Mutual Fund	-	100,135,156
Lotus India Mutual Fund	28,190,311	50,234,352
Principal PNB Mutual Fund	32,004,935	50,231,258
Reliance Mutual Fund	-	200,084,000
Standard Chartered Mutual Fund	196,721,021	125,336,350
Sundaram BNP Paribas Mutual Fund	-	50,494,980
Tata Mutual Fund	105,931,893	201,102,503
UTI Mutual Fund	-	100,575,907
	<u>955,328,397</u>	<u>1,745,509,796</u>

MindTree Limited (formerly MindTree Consulting Limited)

Schedules to the balance sheet (continued)

	As at March 31, 2008	(Rs) As at March 31, 2007
6. Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	37,383,213	13,303,699
- considered doubtful	131,098,412	115,909,810
Other debts		
- considered good	1,684,338,040	1,158,305,062
- considered doubtful	548,275	715,460
Less: Provision for doubtful debts	131,646,687	116,625,270
	<u>1,721,721,253</u>	<u>1,171,608,761</u>
7. Cash and bank balances		
Cash on hand	10,582	14,726
Balances with scheduled banks		
Current accounts	13,296,769	123,646,571
Deposit accounts	439,033,037	580,410,141
Balances with non-scheduled banks - in current accounts		
Wachovia Bank, N.A., USA	15,083,538	11,050,282
HSBC Bank, Swindon, UK	5,689,891	837,082
Deutsche Bank, Singapore	4,751,842	6,698,842
Bank of Tokyo, Mitsubishi	2,336,457	3,472,408
Silicon Valley Bank, USA	54,895,144	36,281,013
HSBC Dubai	1,009,047	2,046,287
HSBC Germany	3,019,227	1,041,387
May Bank, Malaysia	349,728	349,728
UBS, Basel	2,043,695	1,528,246
HSBC, Australia	3,706,578	574,989
HSBC, Singapore	264,604	-
HSBC, Netherlands	984,148	-
	<u>546,474,287</u>	<u>767,951,702</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
Wachovia Bank, N.A., USA	133,516,732	144,684,967
HSBC Bank, Swindon, UK	16,044,777	21,836,174
Deutsche Bank, Singapore	16,120,663	23,555,236
Bank of Tokyo, Mitsubishi	6,820,740	10,907,326
Silicon Valley Bank, USA	619,257,013	142,176,847
HSBC Dubai	10,640,394	17,131,169
HSBC Germany	8,878,510	4,010,049
May Bank, Malaysia	361,698	361,698
PNC Bank, USA	-	3,020,219
UBS, Basel	3,233,340	2,321,098
HSBC, Australia	7,260,708	881,303
HSBC, Singapore	268,673	-
HSBC, Netherlands	1,990,612	-
8. Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	681,972,232	563,536,313
Unbilled revenue	138,027,687	199,340,386
Advance tax and tax deducted at source, net of provision for taxes	172,754,555	67,440,989
Less: Provision for doubtful advances	33,708	-
Total	<u>992,720,766</u>	<u>830,317,688</u>
includes amounts due from Directors	782,221	1,410,650
Maximum amount due from directors at anytime during the year	2,150,535	1,732,276
Amount due from subsidiary and the maximum amount due at anytime during the year	2,614,620	

Schedules to the balance sheet (continued)

		(Rs)	
		As at March 31, 2008	As at March 31, 2007
9.	Current liabilities		
	Advances from customers	9,506,574	6,490,405
	Interest accrued but not due	212,741	408,864
	Unearned revenue	20,822,859	27,354,970
	Sundry creditors (refer note 14 of schedule 15)		
	Expenses	110,510,606	236,612,846
	Capital goods	62,154,533	7,174,296
	Other liabilities	875,986,493	578,594,807
	Book overdraft	36,151,378	4,995,657
		<u>1,115,345,184</u>	<u>861,631,845</u>
10.	Provision		
	Unclaimed dividend	762,049	14,812
	Proposed dividend	37,920,558	37,752,577
	Provision for gratuity	13,182,019	4,046,146
	Leave encashment	38,204,073	31,755,343
	Post contract support services	10,480,060	20,909,554
	Provision for discount	44,983,541	53,992,168
	Provision for		
	tax on dividend	6,444,599	6,416,050
	foreign taxes	70,574,642	21,091,699
		<u>222,551,541</u>	<u>175,978,349</u>

Schedules to the profit and loss account

	(Rs)	
	For the year ended March 31, 2008	For the year ended March 31, 2007
11. Other income		
Interest on deposits (tax deducted at source - Rs.14,231,891, previous year Rs 3,496,804)	61,158,691	16,968,081
Profit on sale of investments	25,277,357	12,262,281
Profit from sale of assets, net	567,985	-
Dividend from investments	113,116,319	18,001,942
Exchange gain, net	39,930,740	4,506,450
Miscellaneous income	37,567,849	21,908,849
	<u>277,618,941</u>	<u>73,647,603</u>
12. Software development expenses		
Salary and allowances	3,309,697,877	2,455,715,213
Contribution to provident and other funds	300,194,280	252,768,738
Staff welfare	47,271,104	37,801,492
Travel and conveyance	561,354,061	458,596,771
Communication expenses	37,062,460	45,261,124
Sub-contractor charges	92,521,675	102,015,812
Software purchases	32,598,897	18,866,731
Computer consumables	164,590,692	133,614,913
Rent	142,983,333	150,974,799
Post contract support services	(10,429,494)	4,198,573
	<u>4,677,844,885</u>	<u>3,659,814,166</u>
13. Administrative and other expenses		
Salary and allowances	612,331,593	486,016,280
Contribution to provident and other funds	37,869,111	30,835,785
Travel and conveyance	100,478,353	87,312,045
Power and fuel	106,068,913	83,548,919
Rent	21,342,847	66,314,282
Lease rentals/charges	6,124,099	7,249,388
Telephone charges	62,516,661	41,522,871
Printing and stationery	21,778,745	12,829,231
Office maintenance	48,388,469	18,554,309
Staff training expenses	39,580,526	31,837,853
Advertisement	3,932,160	17,125,565
Bank charges	4,227,653	3,296,619
Insurance	12,344,103	8,198,031
Rates and taxes	11,718,616	10,307,464
Auditor's remuneration	5,133,900	4,137,158
Recruitment expenses	50,990,945	48,129,823
Repairs and maintenance		
- Plant and machinery	12,311,416	7,338,559
- Others	1,244,233	1,721,884
Marketing expenses	48,087,697	51,279,578
Donations	199,200	974,340
Legal and professional expenses	120,003,137	75,954,384
Loss from sale of assets, net	-	503,799
Provision for bad and doubtful debts and advances	15,055,125	9,558,327
Miscellaneous expenses	60,899,876	42,806,190
	<u>1,402,627,378</u>	<u>1,147,352,684</u>
14. Interest		
Interest on term loans	48,166,225	17,876,927
Interest on short term credit / finance charges	10,782,418	12,110,769
	<u>58,948,643</u>	<u>29,987,696</u>

Schedule 15 - Significant accounting policies and notes to the accounts for the year ended March 31, 2008

1. Background

MindTree Limited ('MindTree' or 'the Company') [formerly 'MindTree Consulting Limited'] is an international Information Technology ("IT") consulting and implementation company that delivers business solutions through global software development. MindTree is structured into two business units that focus on software development R&D Services and IT Services. R&D Services enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing. IT Services offers consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. MindTree is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands and Canada.

The Company was converted into a public limited company by a special resolution of the members passed at the Annual General Meeting held on September 27, 2006. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on November 6, 2006 by the Registrar of Companies, Karnataka.

In February 2007, the Company completed an Initial Public Offering ('IPO') of its equity shares comprising fresh issue of 5,593,300 equity shares of Rs 10 each at a price of Rs 425 per share.

The name of the Company was changed from 'MindTree Consulting Limited' to 'MindTree Limited' and approval for the purpose from shareholders was obtained through a postal ballot pursuant to section 192A of the Companies Act, 1956 on March 17, 2008. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on March 28, 2008 by the Registrar of Companies, Karnataka.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

2.3 Fixed assets

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 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 1, 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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

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

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

2.3.5 Fixed assets individually costing Rs 5,000 or less are fully depreciated in the period of purchase/ installation.

2.3.6 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements are amortised over the lease term or useful life, whichever is lower.

2.4 Investments

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

2.4.2 Current investments are carried at the lower of cost (determined on the specific identification basis) and fair value. The comparison of cost and fair value is done separately in respect of each investment.

2.4.3 Profit or loss on sale of investments is determined on the specific identification basis.

2.5 Retirement benefits

2.5.1 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 and SBI Life Insurance Company. Actuarial gains and losses are charged to the profit and loss account.

2.5.2 Leave encashment is 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.

2.5.3 Contributions payable to the recognised provident fund,

which is a defined contribution scheme, are charged to the profit and loss account.

2.6 Revenue recognition

2.6.1 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. Revenues are stated net of discounts and include expenses billed to the customers.

Maintenance revenue is accrued over the period of the contract.

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.

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

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

2.7. Foreign exchange transactions

2.7.1 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. Additionally, the Company enters into interest rate and currency derivatives to minimize its interest costs.

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

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

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

2.7.5 For forward exchange contracts and other derivatives that are not covered by AS-11, the Company follows the guidance in the Announcement of the ICAI dated March 29, 2008 whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

2.8. Warranties

Warranty costs 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.

2.9 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.

2.10 Taxation

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

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

2.11 Fringe benefit tax

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

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

2.12 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary item. The number of 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.

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

2.14 Employee stock options

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

3. Warrants

In December 2003, the Company entered into an agreement with an overseas customer whereby warrants were issued to the customer. The warrants could be converted into equity share at an exercise price of Rs 2 per share, subject to regulatory provisions relating to pricing of shares issued to overseas persons. The customer could convert these warrants into equity shares based on revenues provided by the customer during the defined period and on fulfilling the conditions specified in the agreement.

On November 16, 2006, the customer converted these warrants into 1,240,017 equity shares of Rs 2 each at a premium of Rs 4.71 per share pursuant to an agreement entered into with the Company.

4. On November 16, 2006, 31,695,237 equity shares outstanding of Rs 2 each have been consolidated into 6,339,047 equity shares of Rs 10 each and subsequently 25,356,190 bonus shares of Rs 10 each have been issued in the ratio of 4 bonus shares for every 1 share held by capitalization of securities premium, as approved by shareholders in the Extra Ordinary General Meeting on November 16, 2006.

5. Purchase of business

On December 17, 2007, the Company acquired 100% of the outstanding equity shares of TES PV Electronic Solutions Private Limited ('TES PV'), which was subsequently renamed as MindTree Technologies Private Limited. The total consideration for the acquisition was Rs 259,718,592 (equivalent to USD 6.55 million) including direct costs of acquisition amounting to Rs 1,762,093. Subsequent to the acquisition, TES PV has become a fully owned subsidiary of MindTree.

6. Employee stock options

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

Program 1 [ESOP 1999]

Options under this program have been granted to employees at an exercise price of Rs 2 per option. In conjunction with the consolidation and subsequent issue of bonus shares, the Company increased the exercise price of the options outstanding as at December 31, 2006 (to the revised par value of the underlying equity shares), to comply with the regulatory requirements. The modifications did not increase the value of the options for the employee, and accordingly did not result in an accounting consequence. All stock options have a four-year vesting term and

vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or before September 30, 2001 or have been issued employment offer letters on or before August 7, 2001. This plan was terminated on September 30, 2001. The contractual life of each option is 11 years after the date of grant

Outstanding options as at April 1, 2007	96,639
Granted during the year	-
Exercised during the year	54,700
Lapsed during the year	2,400
Forfeited during the year	-
Outstanding options as at March 31, 2008	39,539

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2007	486,900
Granted during the year	-
Exercised during the year	84,984
Lapsed during the year	12,027
Forfeited during the year	27,263
Outstanding options as at March 31, 2008	362,626

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of Rs 250 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after May 1, 2006. This plan was terminated on October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2007	366,500
Granted during the year	-
Exercised during the year	10,227
Lapsed during the year	4,020
Forfeited during the year	49,690
Outstanding options as at March 31, 2008	302,563

Program 4 [ESOP 2006 (b)]

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

Outstanding options as at April 1, 2007	1,339,350
Granted during the year	1,667,500
Exercised during the year	14,740
Lapsed during the year	2,570
Forfeited during the year	178,770
Outstanding options as at March 31, 2008	2,810,770

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

Options under this program have been granted to independent directors at an exercise price of Rs 300 per option. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs10 each. The contractual life of each option is 4 years after the date of the grant.

Outstanding options as at April 1, 2007	70,000
Granted during the year	-
Exercised during the year	3,330
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2008	66,670

The weighted average price is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 329.44 under program 4 and Rs 300 under DSOP 2006.

The weighted average price for stock options exercised during year ended March 31, 2008 was Rs 76.18. The options outstanding at March 31, 2008 had a weighted average exercise price of Rs 290.26 and a weighted average remaining contractual life of 4.49 years.

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

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

Amounts in Rs.

	Year ended March 31, 2008	Year ended March 31, 2007
Net profit as reported	1,041,792,283	900,522,971
Add: Stock-based employee compensation expense (intrinsic value method)	19,193,756	12,211,803
Less: Stock-based employee compensation expense (fair value method)	79,179,869	38,090,174
Pro forma net profit	981,806,170	874,644,600
Basic earnings per share as reported	27.69	28.98
Pro forma basic earnings per share	26.09	28.15
Diluted earnings per share as reported	26.75	27.70
Pro forma diluted earnings per share	25.36	26.94

The weighted average fair value of each option granted during the year ended March 31, 2008, estimated on the date of grant was Rs 142.32 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs 335 & 459.15
Exercise price	Rs 335 & 460
Dividend yield%	0.22 - 0.33%
Expected life	3-5 years
Risk free interest rate	6.70 - 7.81%
Volatility	29% - 40%

The Company has established a Trust ('MindTree Benefit Trust'), which may at its discretion, repurchase shares from the employees, when an employee leaves the Company. This is facilitated through a loan to the Trust from the Company. Under certain circumstances, the shares repurchased by Trust, are issued to the employees of the Company. As at March 31, 2008, outstanding shares held by the trust were 189,110.

7. Provision for taxation

The Company's profits from export of software and related activities are fully deductible from taxable income. Further, the unit of the Company at Bangalore is registered as a 100 percent Export Oriented Unit, which is entitled to a tax holiday period of ten years from the date of commencement of commercial operations under Section 10B of the Income Tax Act, 1961.

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

Particulars	Amounts in Rs.	
	As at March 31, 2008	As at March 31, 2007
Excess of depreciation as per books over depreciation allowed under Income Tax Act	45,102,442	46,355,361
Provision for doubtful debts	44,746,709	-
Total deferred tax assets	89,849,151	46,355,361

8. Contingent liabilities and commitments

- Guarantees given by Company's bankers as at March 31, 2008 are Rs 43,317,454 (previous year- Rs 24,267,492).
- Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2008 is Rs 160,583,022 (previous year -Rs 695,007,234).
- On 19 September 2007, the Company received a notice from the Honorable High court of Karnataka to appear before the Honorable court in respect of assessment of income for A.Y 2001-02. The Assessing Officer ('AO') has held that interest receipts are not eligible for deduction under section 10B of the Act even though they are business income and disallowed the same. Further AO also mentioned that losses from export earnings cannot be set off against other income. The AO also rejected the claim of carry forward of business loss and unabsorbed depreciation. The order of the AO was not upheld by ITAT and the AO preferred an appeal with the Honorable High court of Karnataka against the order of the ITAT. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2008.
- On January 2, 2008, MindTree has received an assessment order for A.Y 2005-06 from the AO with a demand amounting to Rs. 6,479,880 on account of certain disallowances / adjustments made by income tax department. A significant portion of this

amount arises from manner of adjustment of brought forward losses in arriving at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2008. The Company has filed an appeal against the demand received.

9. Quantitative details

The Company is engaged in the software development services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

10. Value of imports on CIF basis

	Amounts in Rs.	
	for the Year ended March 31, 2008	for the Year ended March 31, 2007
Capital goods	234,216,056	157,090,354
Others	21,603,895	8,406,183
Total	255,819,951	165,496,537

11. Expenditure in foreign currency (accrual basis)

	Amounts in Rs.	
	for the Year ended March 31, 2008	for the Year ended March 31, 2007
Travel expenses	314,547,915	213,707,629
Professional charges	8,685,556	19,553,901
Branch office expenses	1,890,698,276	1,623,155,864
Others	23,461,484	51,145,906
Total	2,237,393,231	1,907,563,300

12. The amounts remitted during the year in foreign currencies on account of dividends are as follows:

Particulars	Number of shares to which dividends relate	Amounts in Rs
Final dividend for the year 2006-07	10,928,533	10,928,533
Interim dividend for the year 2007-08	11,007,253	11,007,253

13. Earnings in foreign currency (accrual basis)

	Amounts in Rs.	
	For the Year ended March 31, 2008	For the Year ended March 31, 2007
Income from software development	6,830,586,387	5,534,426,308
Interest income	441,867	304,325
Other income	-	479,787
Total	6,831,028,254	5,535,210,420

14. Management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 and circularized the letters for this purpose. However, management has not yet received response from any of the enterprises as at March 31, 2008. Accordingly, the disclosures in respect of the amounts payable to such medium and small enterprises as at March 31, 2008 have not been made in the financials statements. In the 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.

15. Auditor's remuneration

Particulars	Amounts in Rs.	
	For the Year ended March 31, 2008	For the Year ended March 31, 2007
Audit fees	4,865,524	8,421,960 *
Tax audit fee	177,681	168,540
Other services	-	224,720
Reimbursement of expenses	90,695	121,687*

* Audit fees and reimbursement of expenses include Rs. 4,714,080 and Rs. 85,669 towards share issue expenses for audit in connection with issue of equity shares of the Company which has been offset against the balance available in the securities premium account.

16. Segmental reporting

The Company's operations predominantly relate to providing IT services in two primary business segments viz. IT Services and R&D Services. The Company considers the business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

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

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

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

Business segments

Amounts in Rs.

Profit and Loss statement for the year ended March 31, 2008	R&D Services	IT Services	Total
Revenues	1,608,738,059	5,729,657,397	7,338,395,456
Operating expenses, net	1,424,952,076	4,651,292,533	6,076,244,609
Segmental operating income	183,785,983	1,078,364,864	1,262,150,847
Unallocable expenses			353,567,060
Profit for the period before interest			908,583,787
Interest expense			58,948,643
Other income			277,618,941
Net profit before taxes			1,127,254,085
Income taxes			85,461,802
Net profit after taxes			1,041,792,283

Profit and Loss statement for the year ended March 31, 2007	R&D Services	IT Services	Total
Revenues	1,444,629,293	4,458,894,575	5,903,523,868
Operating expenses, net	1,190,620,187	3,588,521,661	4,779,141,848
Segmental operating income	254,009,106	870,372,914	1,124,382,020
Unallocable expenses			272,381,076
Profit for the period before interest			852,000,944
Interest expense			29,987,696
Other income			73,647,603
Net profit before taxes			895,660,851
Income taxes			(4,862,120)
Net profit after taxes			900,522,971

Geographical segments

Amounts in Rs.

Revenues	Year ended March 31, 2008	Year ended March 31, 2007
America	4,844,040,680	3,734,733,310
Europe	1,348,610,633	1,306,393,578
India	420,941,397	304,729,375
Rest of World	724,802,746	557,667,605
Total	7,338,395,456	5,903,523,868

17. Related party transactions

Name of Related Party	Relationship
MindTree Benefit Trust	The Trust is effectively controlled by the Company
MindTree Technologies Private Limited	100% Subsidiary

Transactions with the above related parties during the period were:

Name of Related Party	Nature of Transaction	March 31, 2008	March 31, 2007
MindTree Benefit Trust	Loans given/ (repaid)	Nil	(5,356,600)
MindTree Technologies Private Limited	Advance given	8,620,889	Nil
MindTree Technologies Private Limited	Sub contracting services received	6,006,269	Nil

Balances receivable from related parties are as follows:

Name of Related Party	March 31, 2008	March 31, 2007
MindTree Benefit Trust	Nil	Nil
MindTree Technologies Private Limited	2,614,620	Nil

Key managerial personnel:

Ashok Soota	Chairman and Managing Director
Subroto Bagchi	Chief Operating Officer
N Krishnakumar	President and CEO, IT Services
S Janakiraman	President and CEO, R&D Services
Dr. Albert Hieronimus	Non executive Director
George M. Scalise	Non executive Director
Mark A. Runacres	Non executive Director
N. Vittal	Non executive Director
R. Srinivasan	Non executive Director

Remuneration paid to key managerial personnel amounts to Rs. 30,484,619 (Rs 18,820,257 for previous year ended March 31, 2007). Advances due from directors in the nature of travel and business expense advances as at March 31, 2008 amounted to Rs 782,221 (Rs 1,410,650 for previous year ended March 31, 2007).

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

Particulars	Amounts in Rs.	
	For the year ended March 31, 2008	
Profit before taxation	1,127,254,085	
Add: Depreciation as per accounts	349,339,406	
Managerial remuneration	22,313,329	
Provision for doubtful debts/advances	15,055,125	
Less: Depreciation as per Section 350*	349,339,406	
Bad debts written off	-	
Profit on sale of investments	25,277,357	
Net profit for section 198 of the Companies Act, 1956	1,139,345,182	
Managerial remuneration** comprises of:		
Salaries and allowances	14,599,764	
Contribution to provident fund	240,234	
Perquisites	275,331	
Directors' sitting fees	1,200,000	
Commission to non-executive Directors	5,998,000	
Total	22,313,329	

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

**Stock compensation cost amounting to Rs 1,190,000 has not been considered in the managerial remuneration computation.

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

19. Lease transactions

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

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

	Amounts in Rs.	
	Year ended March 31, 2008	Year ended March 31, 2007
a) Total minimum lease payments	37,240,501	47,607,360
(b) Future interest included in (a) above	4,840,046	5,976,041
(c) Present value of minimum lease payments [(a)- (b)]	32,400,455	41,631,319

The maturity profile of finance lease obligations is as follows:

Period	Amounts in Rs.	
	Minimum lease payments	Present value
Payable not later than one year	15,871,885	13,225,317
Payable later than one year and not later than five years	21,368,616	19,175,127

Finance charges during the year on such finance leases as mentioned above are Rs 4,033,871 (previous year-Rs 3,367,292) which is included under 'Interest on short term credit / finance charges'.

Lease rental expense under non-cancelable operating lease during the year amounted to Rs 29,428,480 (previous year-Rs 60,722,766). Future minimum lease payments under non-cancelable operating lease as at March 31, 2008 is as below:

Minimum lease payments	Amounts in Rs
Payable not later than one year	49,033,749
Payable later than one year and not later than five years	42,410,503

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancelable operating lease during the period was Rs 134,897,700 (previous year-Rs 156,566,315).

Rental income from sub-lease of office facilities during the year was Rs 573,865 (previous year- Rs 19,459,656) which is included in miscellaneous income.

20. Earnings per share

The computation of earnings per share is set out below:

Amounts in Rs.

Particulars	For the year ended March 31, 2008		For the year ended March 31, 2007	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax	1,041,792,283		900,522,971	
Shares				
Weighted average number of equity shares outstanding during the year	37,625,112	37,625,112	31,069,696	31,069,696
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,323,603	-	1,442,510
Weighted average number of equity shares for calculation of earnings per share	37,625,112	38,948,715	31,069,696	32,512,206

As per the Guidance note (issued in January 2005) on Accounting for Employee Share Based Payments by the ICAI, 189,110 (previous year- 357,707), weighted average number of shares held by MindTree Benefit Trust have been reduced from the equity shares outstanding for computing basic and diluted earnings per share for the year ended March 31, 2008. Equity shares issuable pursuant to the warrant agreement with the customer are considered outstanding and included in the computation of basic and diluted earnings per share to the extent that conditions specified in the agreement are met.

Consequent to consolidation of shares and subsequent issue of bonus shares as explained in Note 4, the number of equity shares outstanding before the said event is adjusted for the proportionate change in the number of equity shares outstanding, as if the event had occurred at the beginning of the earliest period reported.

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

Provision for warranty

Amounts in Rs.

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Balance as at beginning of the year	20,909,554	16,710,981
Provisions made during the year	-	4,198,573
Utilisations during the year	-	-
Released during the year	(10,429,494)	-
Provision as at the end of the year	10,480,060	20,909,554

Provision for discount

Amounts in Rs.

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Balance as at beginning of the year	53,992,168	34,033,902
Provisions made during the year	8,166,890	19,958,266
Utilisations during the year	(17,175,517)	-
Released during the year	-	-
Provision as at the end of the year	44,983,541	53,992,168

22. Statement of utilisation of IPO funds as of March 31, 2008

Particulars	Amounts in Rs
Amount raised through IPO	2,377,152,500
Share issue expenses paid	188,717,404
Net proceeds	2,188,435,096
Deployment	
Repayment of debts	113,750,000
Utilization for Chennai facility expansion	812,542,615
Investment in fixed deposits with banks	309,940,062
Short term investments in mutual funds pending utilization	952,202,419

23. Gratuity plan

Effective April 1, 2006 the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, there are no transitional obligations of the Company.

The following table set out the status of the gratuity plan as required under AS 15 (revised).

Particulars	As at March 31, 2008 (Rs)	As at March 31, 2007 (Rs)
Obligations at beginning of the year	69,954,568	45,996,519
Service cost	31,412,987	23,762,574
Interest cost	5,596,365	3,679,722
Benefits settled	(2,872,232)	(1,462,535)
Actuarial (gain)/loss	(321,683)	(2,021,712)
Obligations at end of the year	103,770,005	69,954,568
Change in plan assets		
Plans assets at beginning of the year, at fair value	65,908,422	45,996,519
Expected return on plan assets	5,928,278	3,679,722
Actuarial gain/(loss)	2,623,518	(180,030)
Contributions	19,000,000	17,874,746
Benefits settled (estimated)	(2,872,232)	(1,462,535)
Plans assets at end of the year, at fair value	90,587,986	65,908,422
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	90,587,986	65,908,422
Present value of the defined benefit obligations at the end of the year	103,770,005	69,954,568
Asset/(liability) recognized in the balance sheet	(13,182,019)	(4,046,146)
Gratuity cost for the year		
Service cost	31,412,987	23,762,574
Interest cost	5,596,365	3,679,722
Expected return on plan assets	(5,321,237)	(3,679,722)
Actuarial (gain)/loss	(2,945,201)	(1,841,682)
Net gratuity cost	28,742,914	21,920,892
Assumptions		
Interest rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	8.00%	8.00%
Salary increase	8.50%	8.00%
Attrition rate	12.50%	10.00%
Retirement age	60	60

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

24. Derivatives

Forward contracts

As at March 31, 2008, the Company had outstanding forward contracts amounting to USD 44.4 million (previous year USD 14 million) and CHF 22 million (previous year NIL). Of the above amount, forward contracts to the extent of USD 10 million (previous year USD 8 million) have underlying foreign currency debtors and to the extent of USD 0.4 million (previous year NIL) have underlying foreign currency creditors. Forward contracts of USD 34.0 million (previous year USD 6 million) are in respect of highly probable forecasted transactions. The unamortized premium on these contracts as at March 31, 2008 is Rs 18.25 million (previous year- Rs 2.67 million).

Options

As at March 31, 2008, the Company had outstanding options amounting to USD 160.50 million (previous year USD 9.5 million) and GBP 0.30 million (previous year NIL). Of the above amount, options to the extent of USD 13.2 million (previous year USD 5 million) have underlying foreign currency debtors and the remaining options are in respect of highly probable forecasted transactions.

Currency and interest rate swaps

As at March 31, 2008 the Company had entered into currency and interest rate swap arrangements to the extent of Rs. 736.55 million (previous year- Rs 57.44 million).

25. Prior period comparatives

Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

For MindTree Limited
(formerly MindTree Consulting Limited)

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Rostow Ramanan
Chief Financial Officer

Usha T N
Company Secretary

Balance Sheet Abstract And Company's General Business Profile

1 Registration Details		
Registration No:		25564
State Code		08
Balance Sheet Date:		March 31, 2008
2 Capital raised during the year		
		Rs.
Public issue		Nil
Right issue		Nil
Bonus issue		Nil
Private Placement		Nil
Offer of shares under Employees Stock Option Plan		1,679,810
3 Position of mobilisation and deployment of funds (Amount in Rs)		
Total Liabilities		6,257,475,848
Total Assets		6,257,475,848
<i>Sources of Funds</i>		
Paid up Capital		379,205,580
Pending Allotment		547,100
Secured Loans		917,174,452
Reserves and Surplus		4,960,548,716
Unsecured Loans		Nil
<i>Application of Funds</i>		
Net Fixed Assets		2,589,741,325
Investments		1,654,865,791
Net Current Assets		1,923,019,581
Deffered Tax Assets		89,849,151
Misc Expenditure		Nil
Accumulated losses		Nil
4 Performance of Company		
		Rs.
Income from Software development		7,338,395,456
Other Income		277,618,941
Total Income		7,616,014,397
Total Expenditure		6,488,760,312
Profit Before Tax		1,127,254,085
Profit After Tax		1,041,792,283
Earning per share (basic) (in Rs)		27.69
Earning per share (diluted) (in Rs)		26.75
Dividend Rate (%)		20.00
5 Generic Names of principal products /services of Company		
Item Code:		85249009.10
Product Description		Computer Software

For MindTree Limited

Bangalore
May 15, 2008

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Auditors' Report to the Board Of Directors on The Consolidated Financial Statements of MindTree Limited (formerly MindTree Consulting Limited) and its Subsidiary

We have audited the attached consolidated balance sheet of MindTree Limited (formerly MindTree Consulting Limited) ('the Company') and its subsidiary (collectively called 'the MindTree Group') as at March 31, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) in the case of the consolidated balance sheet, of the state of affairs of the MindTree Group as at March 31, 2008;
- b) in the case of the consolidated profit and loss account, of the profit of the MindTree Group for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows of the MindTree Group for the year ended on that date.

for BSR & Associates
Chartered Accountants

Sd/-
Zubin Shekary
Partner
Membership No. 48814

Bangalore
April 16, 2008

Consolidated Balance Sheet

	<u>Schedule</u>	As at March 31, 2008	(Rs) As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	379,205,580	377,525,770
Share application money		547,100	171,838
Reserves and surplus	2	<u>4,951,621,634</u>	<u>3,977,052,738</u>
		5,331,374,314	4,354,750,346
Loan funds			
Secured loans	3	<u>918,901,521</u>	<u>263,776,266</u>
		<u>6,250,275,835</u>	<u>4,618,526,612</u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		3,581,684,208	1,367,892,485
Accumulated depreciation		<u>(1,189,089,467)</u>	<u>(800,319,333)</u>
Net block		2,392,594,741	567,573,152
Capital work-in-progress		<u>232,903,891</u>	<u>131,767,157</u>
		<u>2,625,498,632</u>	<u>699,340,309</u>
Goodwill	15(5)	214,102,422	-
Investments	5	1,395,147,199	2,140,562,985
Deferred tax assets, net	15(7)	89,849,151	46,355,361
Current assets, loans and advances			
Sundry debtors	6	1,756,211,640	1,171,608,761
Cash and bank balances	7	552,984,659	767,951,702
Loans and advances	8	<u>1,008,945,918</u>	<u>830,317,688</u>
		<u>3,318,142,217</u>	<u>2,769,878,151</u>
Current liabilities and provisions			
Current liabilities	9	1,161,309,568	861,631,845
Provisions	10	<u>231,154,218</u>	<u>175,978,349</u>
Net current assets		<u>1,925,678,431</u>	<u>1,732,267,957</u>
		<u>6,250,275,835</u>	<u>4,618,526,612</u>
Significant accounting policies and notes to the accounts	15		

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

As per our report attached

For BSR & Associates
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Date: April 16, 2008

For MindTree Limited
(formerly MindTree Consulting Limited)

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Rostow Ravanan
Chief Financial Officer

Usha T N
Company Secretary

Consolidated Profit and Loss Account

	<u>Schedule</u>	For the year ended March 31, 2008	(Rs) For the year ended March 31, 2007
Income			
Income from software development			
Overseas		6,864,855,496	5,534,426,308
Domestic		533,002,391	369,097,560
Other income	11	<u>279,441,888</u>	<u>73,647,603</u>
		<u>7,677,299,775</u>	<u>5,977,171,471</u>
Expenditure			
Software development expenses	12	4,724,679,610	3,659,814,166
Administrative and other expenses	13	<u>1,419,282,571</u>	<u>1,147,352,684</u>
		6,143,962,181	4,807,166,850
Profit before interest, depreciation and tax		1,533,337,594	1,170,004,621
Interest	14	59,032,861	29,987,696
Depreciation	4	<u>356,038,322</u>	<u>244,356,074</u>
Profit before tax		<u>1,118,266,411</u>	895,660,851
Provision for taxation including FBT		128,895,000	41,493,241
Deferred tax (benefit)/charge	15(7)	<u>(43,493,790)</u>	<u>(46,355,361)</u>
Profit for the year		1,032,865,201	900,522,971
Balance in profit and loss account brought forward		1,123,618,738	392,043,256
Amount available for appropriation		<u>2,156,483,939</u>	<u>1,292,566,227</u>
Dividend			
Interim		37,828,107	30,455,220
Proposed		<u>37,920,558</u>	<u>37,752,577</u>
Total dividend		75,748,665	68,207,797
Dividend tax		12,873,486	10,687,395
Amount transferred to General Reserve		<u>104,179,228</u>	<u>90,052,297</u>
Balance in Profit & Loss Account carried forward		<u>1,963,682,560</u>	<u>1,123,618,738</u>
Earnings per share	15(12)		
(Equity shares, par value Rs 10 each)			
Basic		27.45	28.98
Diluted		26.52	27.70
Weighted average number of shares used in computing earnings per share			
Basic		37,625,112	31,069,696
Diluted		38,948,715	32,512,206
Significant accounting policies and Notes to the accounts	15		

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

As per our report attached

For MindTree Limited
(formerly MindTree Consulting Limited)

For BSR & Associates
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Date: April 16, 2008

Rostow Ramanan
Chief Financial Officer

Usha T N
Company Secretary

Consolidated cash flow statement

	For the year ended March 31, 2008	(Rs) For the year ended March 31, 2007
Cash flow from operating activities		
Profit before tax	1,118,266,411	895,660,851
Adjustments for :		
Depreciation	356,038,322	244,356,074
Amortization of stock compensation	19,193,756	12,211,803
Interest expense	59,032,861	29,987,696
Interest / dividend income	(174,275,010)	(34,970,023)
Loss /(profit) on sale of fixed assets	(567,053)	503,799
Profit on sales of investments	(25,277,357)	(12,262,281)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,306,345	(939,913)
Operating profit before working capital changes	<u>1,353,718,275</u>	<u>1,134,548,006</u>
Increase in sundry debtors	(539,532,143)	(73,923,846)
Increase in loans and advances	(38,697,616)	(248,781,526)
Increase in current liabilities and provisions	326,353,048	56,412,984
Income taxes and FBT paid	<u>(188,095,144)</u>	<u>(48,130,748)</u>
Net cash provided by / (used in) operating activities	<u>913,746,420</u>	<u>820,124,870</u>
Cash flow from investing activities		
Purchase of fixed assets	(2,183,408,743)	(558,016,248)
Proceeds on sale of fixed assets	7,550,400	8,846,510
Purchase of business/acquisition, net	(254,355,716)	(16,844,194)
Interest /dividend received from net investments	84,655,239	19,576,418
Purchase of investments	(2,032,067,394)	(2,506,100,000)
Sale/maturities of investments	<u>2,877,038,620</u>	<u>930,315,332</u>
Net cash used in investing activities	<u>(1,500,587,594)</u>	<u>(2,122,222,182)</u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	(119,281,395)	2,365,338,926
Receipt of share application money	547,100	171,838
Interest paid on loans	(59,228,984)	(30,426,401)
Proceeds from term loans	955,000,000	-
Repayment of term loans	(128,268,543)	(185,583,539)
Repayment of finance lease obligation	(23,208,819)	(21,278,810)
Proceeds/ (repayment) of short term loans, net	(164,700,499)	(286,511,528)
Dividends paid (including distribution tax)	<u>(87,678,384)</u>	<u>(34,711,753)</u>
Net cash provided by financing activities	<u>373,180,476</u>	<u>1,806,998,733</u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,306,345)	939,913
Net increase/(decrease) in cash and cash equivalents	(214,967,043)	505,841,334
Cash and cash equivalents at the beginning of the year	<u>767,951,702</u>	<u>262,110,368</u>
Cash and cash equivalents at the end of the year	<u>552,984,659</u>	<u>767,951,702</u>

As per our report attached

For MindTree Limited
(formerly MindTree Consulting Limited)

For BSR & Associates
Chartered Accountants

Zubin Shekary
Partner
Membership No. 48814

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Date: April 16, 2008

Rostow Ravanan
Chief Financial Officer

Usha T N
Company Secretary

Schedules to the consolidated balance sheet

	As at March 31, 2008	(Rs) As at March 31, 2007
1. Share capital		
Authorised capital		
79,620,000 equity shares of Rs 10 each (previous year 79,620,000 equity shares of Rs.10 each)	796,200,000	796,200,000
	<u>796,200,000</u>	<u>796,200,000</u>
Issued, subscribed and paid-up capital		
37,920,558 equity shares of Rs 10 each fully paid (previous year 37,752,577 equity shares of Rs.10 each)	379,205,580	377,525,770
	<u>379,205,580</u>	<u>377,525,770</u>
- For details of bonus shares issued and consolidation of equity shares, refer to Note 4 of Schedule 15		
- For details of options, in respect of the above equity shares, refer to Note 6 of Schedule 15		
- For details on shares issued through IPO, refer Note 1 of Schedule 15		
2. Reserves and surplus		
Securities premium account		
At the commencement of the year	2,750,289,294	835,744,762
Additions during the year		
Issue of shares	-	2,321,219,500
On exercise of employee stock options/customer warrants	11,132,090	36,204,337
	<u>2,761,421,384</u>	<u>3,193,168,599</u>
Deductions during the year		
Issue of bonus shares in the ratio of 4 : 1 (previous year- Nil) (Note 4 of Schedule 15)	-	(253,561,900)
Share issue expenses (Rs 188,717,405 paid out of IPO issue proceeds)	-	(189,317,405)
	<u>2,761,421,384</u>	<u>2,750,289,294</u>
General Reserve		
At the commencement of the year	90,052,297	-
Add: Transfer from profit and loss account	104,179,228	90,052,297
	<u>194,231,525</u>	<u>90,052,297</u>
Stock option outstanding account	55,899,185	62,374,950
Less: Deferred employee compensation expense	(23,613,020)	(49,282,541)
	<u>32,286,165</u>	<u>13,092,409</u>
Balance in profit & loss account	1,963,682,560	1,123,618,738
	<u>4,951,621,634</u>	<u>3,977,052,738</u>
3. Secured loans		
From banks		
- Term loans	886,501,066	57,444,448
Loan from HSBC is secured by a first, pari passu charge on fixed assets and lien on Bank deposit and investment in mutual funds		
Vehicle loans from banks are secured by way of hypothecation of vehicles to the respective banks		
- Other loans	-	164,700,499
Loan from HSBC Bank and Standard Chartered Bank is secured by a paripassu charge on book debts and other current assets.		
Finance lease obligation (Secured by hypothecation of assets taken on lease)	32,400,455	41,631,319
	<u>918,901,521</u>	<u>263,776,266</u>

Schedules to the consolidated balance sheet (continued)

Assets	Gross block				Accumulated depreciation			Net block	
	As at April 1, 2007	Additions during the year	Deletions during the year	As at March 31, 2008	As at April 1, 2007	For the year	Deductions/ (Adjustments) during the year	As at March 31, 2008	As at March 31, 2007
Leasehold land	51,265,000	340,610,820	-	391,875,820	332,273	11,539,817	-	11,872,090	50,932,727
Buildings	-	1,280,547,680	-	1,280,547,680	-	20,964,759	-	20,964,759	1,259,582,921
Leasehold improvements	423,657,706	189,253,692	-	612,911,398	195,642,869	73,580,723	(2,020,600)	271,244,192	341,667,206
Computer systems (including software)	588,043,715	314,308,781	9,366,623	892,985,873	445,553,920	165,200,058	(50,034,802)	660,788,780	232,197,093
Furniture and fixtures	43,405,860	18,007,790	3,896,545	57,517,105	38,202,512	15,317,288	3,572,366	49,947,434	7,569,671
Electrical installations	54,814,426	26,230,509	-	81,044,935	24,956,004	16,757,575	(1,554,716)	43,268,295	37,776,640
Office equipment	129,944,732	67,149,920	20,085	197,074,567	55,720,674	34,888,616	(512,268)	91,121,558	105,953,009
Motor vehicles - own	3,132,949	2,774,067	-	5,907,016	1,913,257	1,082,124	(994,619)	3,990,000	1,917,016
- leased	73,628,097	13,977,955	25,786,238	61,819,814	37,997,824	16,707,362	18,812,827	35,892,359	25,927,455
TOTAL	1,367,892,485	2,252,861,214	39,069,491	3,581,684,208	800,319,333	356,038,322	(32,731,812)	1,189,089,467	2,392,594,741
Previous year	936,785,938	460,668,835	29,562,288	1,367,892,485	576,175,239	244,356,074	20,211,980	800,319,333	567,573,152
Capital work-in-progress									232,903,891

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 amortized over the period of the lease.

Consequent to the acquisition of MindTree Technologies Private Limited by MindTree Limited, additions to gross block and accumulated depreciation include additions on acquisition of MindTree Technologies Private Limited (Refer Note 15(5))

Assets	Gross block as at the date of acquisition	Accumulated depreciation at the date of acquisition	Net block at the date of acquisition
Leasehold improvements	2,020,600	2,020,600	-
Computer systems (including software)	99,203,535	59,401,425	39,802,110
Furniture and fixtures	544,458	324,179	220,279
Electrical installations	1,622,165	1,554,716	67,449
Office equipment	1,052,330	522,417	529,913
Motor vehicles - own	2,774,067	994,619	1,779,448
Total	107,217,155	64,817,956	42,399,199

Schedules to the consolidated balance sheet (continued)

				(Rs)	
		As at		As at	
		March 31, 2008		March 31, 2007	
5.	Investments				
	A. Long-term investments - unquoted (fully paid equity shares)				
	- 2,400 (previous year: 2,400) equity shares in Career Community.com Limited		1,398,216		1,398,216
	- 12,640 (previous year: 12,640) equity shares in Worldcast Technologies Private Limited		<u>126,400</u>		<u>126,400</u>
			1,524,616		1,524,616
	Less: Provision for diminution in the value of investments		<u>1,524,616</u>		<u>1,374,216</u>
			-		<u>150,400</u>
	B. Current investments				
	Non-Trade Investments - quoted (valued at lower of cost or market value)				
		Number of Units as at			
		<u>March 31, 2008</u>	<u>March 31, 2007</u>		
	Birla Sun Life Mutual Fund (2,504,315 units purchased / 5,254,315 units redeemed during the year)	-	2,750,000	-	27,500,000
	Deutsche Mutual Fund (4,797,892 units purchased / 7,033,412 units redeemed during the year)	5,296,185	7,531,705	52,961,853	75,317,053
	Franklin Templeton Mutual Fund (10,418,283 units purchased / 14,752,787 units redeemed during the year)	-	4,334,504	-	43,345,040
	DSP Merrill Lynch Mutual Fund (420 units purchased / 27,261 units redeemed during the year)	-	26,841	-	26,841,470
	HDFC Mutual Fund (12,084,448 units purchased / 8,336,320 units redeemed during the year)	6,348,128	2,600,000	63,681,246	26,000,000
	HSBC Mutual Fund (117,569,605 units purchased / 100,644,083 units redeemed during the year)	19,501,014	2,575,492	195,139,207	25,754,919
	ICICI Prudential Mutual Fund (28,491,641 units purchased / 28,720,213 units redeemed during the year)	4,131,399	4,359,971	41,316,053	53,795,123
	ING Vysya Mutual Fund (15,616,576 units purchased / 15,514,192 units redeemed during the year)	5,401,303	5,298,919	54,078,382	52,989,192
	Kotak Mahindra Mutual Fund (14,080,896 units purchased / 14,407,053 units redeemed during the year)	2,925,069	3,251,226	35,768,038	32,512,263
	Standard Chartered Mutual Fund (2,899,636 units purchased / 5,727,219 units redeemed during the year)	-	2,827,583	-	28,275,834
	UTI Mutual Fund (2,772 units purchased / 511,780 units redeemed during the year)	-	509,008	-	5,090,085
				<u>442,944,779</u>	<u>397,420,979</u>
	Less: Provision for diminution in the value of investments			-	-
				<u>442,944,779</u>	<u>397,420,979</u>

Description	As at	As at
	<u>March 31, 2008</u>	<u>March 31, 2007</u>
	<u>Market Value</u>	
Birla Sun Life Mutual Fund	-	29,890,850
Deutsche Mutual Fund	57,753,253	77,959,861
Franklin Templeton Mutual Fund	-	47,070,113
DSP Merrill Lynch Mutual Fund	-	26,848,552
HDFC Mutual Fund	63,681,246	28,198,300
HSBC Mutual Fund	195,139,207	26,526,794
ICICI Prudential Mutual Fund	41,316,053	57,590,220
ING Vysya Mutual Fund	54,078,382	53,197,440
Kotak Mahindra Mutual Fund	35,768,038	33,521,562
Standard Chartered Mutual Fund	-	28,569,054
UTI Mutual Fund	-	5,094,768
	<u>447,736,179</u>	<u>414,467,514</u>

C. Current investments - Balance IPO money

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

	Number of Units as at		(Rs)	
	March 31, 2008	March 31, 2007	As at March 31, 2008	As at March 31, 2007
Birla Sun Life Mutual Fund <i>(16,404,556 units purchased / 17,813,328 units redeemed during the year)</i>	3,613,580	5,022,352	55,049,996	50,223,517
DBS Chola Mutual Fund <i>(10,502,908 units purchased / 12,008,258 units redeemed during the year)</i>	2,692,801	4,198,151	26,928,182	50,181,760
Deutsche Mutual Fund <i>(10,209,209 units purchased / 10,027,517 units redeemed during the year)</i>	5,181,692	5,000,000	53,002,666	50,000,000
DSP Merrill Lynch Mutual Fund <i>(5,515,751 units purchased / 5,512,049 units redeemed during the year)</i>	53,878	50,176	53,906,176	50,175,889
Franklin Templeton Mutual Fund <i>(10,051,949 units purchased / 10,069,790 units redeemed during the year)</i>	7,503,849	7,521,690	76,785,644	75,216,896
HDFC Mutual Fund <i>(30,083,353 units purchased / 30,085,571 units redeemed during the year)</i>	7,519,175	7,521,393	75,428,607	75,213,926
HSBC Mutual Fund <i>(19,292,571 units purchased / 25,301,008 units redeemed during the year)</i>	5,416,416	11,424,853	54,194,489	114,297,691
ICICI Prudential Mutual Fund <i>(55,138,851 units purchased / 74,547,928 units redeemed during the year)</i>	10,602,578	30,011,655	106,031,084	300,116,551
ING Vysya Mutual Fund <i>(8,604,322 units purchased / 10,040,539 units redeemed during the year)</i>	3,584,052	5,020,269	35,852,355	50,202,693
Kotak Mahindra Mutual Fund <i>(14,654,039 units purchased / 15,346,143 units redeemed during the year)</i>	4,307,896	5,000,000	52,677,390	50,000,000
LIC Mutual Fund <i>(10,904,759 units purchased / 20,917,173 units redeemed during the year)</i>	-	10,012,414	-	100,124,142
Lotus India Mutual Fund <i>(15,850,904 units purchased / 18,335,380 units redeemed during the year)</i>	2,538,959	5,023,435	27,896,808	50,234,352
Principal PNB Mutual Fund <i>(9,592,350 units purchased / 11,420,266 units redeemed during the year)</i>	3,194,105	5,022,021	32,004,935	50,231,258
Reliance Mutual Fund <i>(30,014,827 units purchased / 50,014,827 units redeemed during the year)</i>	-	20,000,000	-	200,000,000
Standard Chartered Mutual Fund <i>(55,642,081 units purchased / 48,501,267 units redeemed during the year)</i>	19,661,288	12,520,474	196,721,021	125,204,742
Sundaram BNP Paribas Mutual Fund <i>(10,584,106 units purchased / 15,608,382 units redeemed during the year)</i>	-	5,024,276	-	50,242,822
Tata Mutual Fund <i>(42,355,174 units purchased / 51,888,109 units redeemed during the year)</i>	10,553,814	20,086,749	105,931,885	200,868,000
UTI Mutual Fund <i>(16,107,440 units purchased / 26,153,177 units redeemed during the year)</i>	-	10,045,737	-	100,457,367
			<u>952,411,238</u>	<u>1,742,991,606</u>
Less: Provision for diminution in the value of investments			<u>208,818</u>	<u>-</u>
			<u>952,202,420</u>	<u>1,742,991,606</u>
			<u>1,395,147,199</u>	<u>2,140,562,985</u>

Description	As at	As at
	<u>March 31, 2008</u>	<u>March 31, 2007</u>
	<u>Market Value</u>	
Birla Sun Life Mutual Fund	55,093,720	50,269,221
DBS Chola Mutual Fund	26,938,791	50,211,566
Deutsche Mutual Fund	52,814,404	50,128,000
DSP Merrill Lynch Mutual Fund	53,910,482	50,175,889
Franklin Templeton Mutual Fund	79,538,915	75,315,479
HDFC Mutual Fund	75,428,607	75,213,926
HSBC Mutual Fund	54,194,489	114,469,965
ICICI Prudential Mutual Fund	106,031,084	301,328,551
ING Vysya Mutual Fund	35,852,355	50,202,693
Kotak Mahindra Mutual Fund	52,677,390	50,000,000
LIC Mutual Fund	-	100,135,156
Lotus India Mutual Fund	28,190,311	50,234,352
Principal PNB Mutual Fund	32,004,935	50,231,258
Reliance Mutual Fund	-	200,084,000
Standard Chartered Mutual Fund	196,721,021	125,336,350
Sundaram BNP Paribas Mutual Fund	-	50,494,980
Tata Mutual Fund	105,931,893	201,102,503
UTI Mutual Fund	-	100,575,907
	<u>955,328,397</u>	<u>1,745,509,796</u>

Schedules to the consolidated balance sheet (continued)

	As at March 31, 2008	(Rs) As at March 31, 2007
6. Sundry debtors (Unsecured)		
Debits outstanding for a period exceeding six months		
- considered good	37,858,845	13,303,699
- considered doubtful	131,256,956	115,909,810
Other debts		
- considered good	1,718,352,795	1,158,305,062
- considered doubtful	548,275	715,460
Less: Provision for doubtful debts	131,805,231	116,625,270
	<u>1,756,211,640</u>	<u>1,171,608,761</u>
7. Cash and bank balances		
Cash on hand	22,262	14,726
Balances with scheduled banks		
Current accounts	16,793,464	123,646,571
Deposit accounts (includes Rs 309,940,062 out of IPO issue proceeds)	439,833,037	580,410,141
Balances with non-scheduled banks - in current accounts		
Wachovia Bank, N.A., USA	15,083,538	11,050,282
HSBC Bank, Swindon, UK	5,689,891	837,082
Deutsche Bank, Singapore	4,751,842	6,698,842
Bank of Tokyo, Mitsubishi	2,337,029	3,472,408
Silicon Valley Bank, USA	54,895,144	36,281,013
HSBC Dubai	1,009,047	2,046,287
HSBC Germany	3,019,227	1,041,387
May Bank, Malaysia	349,728	349,728
UBS, Basel	2,043,695	1,528,246
HSBC, Australia	3,706,578	574,989
HSBC, Singapore	264,604	-
HSBC, Netherlands	984,148	-
Sumitomo Mitsui Banking Corporation	2,201,425	-
	<u>552,984,659</u>	<u>767,951,702</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
Wachovia Bank, N.A., USA	133,516,732	144,684,967
HSBC Bank, Swindon, UK	16,044,777	21,836,174
Deutsche Bank, Singapore	16,120,663	23,555,236
Bank of Tokyo, Mitsubishi	6,820,740	10,907,326
Silicon Valley Bank, USA	619,257,013	142,176,847
HSBC Dubai	10,640,394	17,131,169
HSBC Germany	8,878,510	4,010,049
May Bank, Malaysia	361,698	361,698
PNC Bank, USA	-	3,020,219
UBS, Basel	3,233,340	2,321,098
HSBC, Australia	7,260,708	881,303
HSBC, Singapore	268,673	-
HSBC, Netherlands	1,990,612	-
Sumitomo Mitsui Banking Corporation	2,201,425	-
8. Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received *	686,193,876	563,536,313
Unbilled revenue	138,027,687	199,340,386
Advance tax and tax deducted at source, net of provision for taxes	184,758,063	67,440,989
Less: Provision for doubtful advances	33,708	-
	<u>1,008,945,918</u>	<u>830,317,688</u>
* includes amounts due from Directors	782,221	1,410,650
Maximum amount due from directors at anytime during the year	2,150,535	1,732,276

Schedules to the balance sheet (continued)

		(Rs)	
		As at March 31, 2008	As at March 31, 2007
9.	Current liabilities		
	Advances from customers	16,741,998	6,490,405
	Interest accrued but not due	212,741	408,864
	Unearned revenue	20,822,859	27,354,970
	Sundry creditors		
	Expenses	111,597,680	236,612,846
	Capital goods	89,441,460	7,174,296
	Other liabilities	886,341,452	578,594,807
	Book overdraft	36,151,378	4,995,657
		<u>1,161,309,568</u>	<u>861,631,845</u>
10.	Provision		
	Unclaimed dividend	762,049	14,812
	Proposed dividend	37,920,558	37,752,577
	Provision for gratuity	19,110,277	4,046,146
	Leave encashment	40,878,492	31,755,343
	Post contract support services	10,480,060	20,909,554
	Provision for discount	44,983,541	53,992,168
	Provision for		
	tax on dividend	6,444,599	6,416,050
	foreign taxes	70,574,642	21,091,699
		<u>231,154,218</u>	<u>175,978,349</u>

Schedules to the consolidated profit and loss account

	(Rs)	
	For the year ended March 31, 2008	For the year ended March 31, 2007
11. Other income		
Interest on deposits (tax deducted at source - Rs.14,231,891, previous year Rs 3,496,804)	61,158,691	16,968,081
Profit on sale of investments	25,277,357	12,262,281
Profit from sale of fixed assets, net	567,053	-
Dividend from investments	113,116,319	18,001,942
Exchange gain, net	41,742,152	4,506,450
Miscellaneous income	37,580,316	21,908,849
	<u>279,441,888</u>	<u>73,647,603</u>
12. Software development expenses		
Salary and allowances	3,349,795,642	2,455,715,213
Contribution to provident and other funds	305,273,282	252,768,738
Staff welfare	47,655,090	37,801,492
Travel and conveyance	566,068,996	458,596,771
Communication expenses	37,062,460	45,261,124
Sub-contractor charges	87,176,117	102,015,812
Software purchases	32,598,897	18,866,731
Computer consumables	164,806,331	133,614,913
Rent	144,672,289	150,974,799
Post contract support services	(10,429,494)	4,198,573
	<u>4,724,679,610</u>	<u>3,659,814,166</u>
13. Administrative and other expenses		
Salary and allowances	615,681,834	486,016,280
Contribution to provident and other funds	38,150,791	30,835,785
Travel and conveyance	101,176,331	87,312,045
Power and fuel	106,536,873	83,548,919
Rent	23,447,069	66,314,282
Lease rentals/charges	7,002,242	7,249,388
Telephone charges	63,277,796	41,522,871
Printing and stationery	21,842,587	12,829,231
Office maintenance	49,227,394	18,554,309
Staff training expenses	39,645,897	31,837,853
Advertisement	3,932,160	17,125,565
Bank charges	4,233,432	3,296,619
Insurance	12,344,103	8,198,031
Rates and taxes	12,396,150	10,307,464
Auditor's remuneration	5,557,900	4,137,158
Recruitment expenses	51,166,671	48,129,823
Repairs and maintenance		
- Plant and machinery	12,311,416	7,338,559
- Others	1,258,689	1,721,884
Marketing expenses	49,961,188	51,279,578
Donations	199,200	974,340
Legal and professional expenses	123,123,552	75,954,384
Loss from sale of fixed assets, net	-	503,799
Provision for bad and doubtful debts and advances	15,213,669	9,558,327
Miscellaneous expenses	61,595,627	42,806,190
	<u>1,419,282,571</u>	<u>1,147,352,684</u>
14. Interest		
Interest on term loans	48,166,225	17,876,927
Interest on short term credit / finance charges	10,866,636	12,110,769
	<u>59,032,861</u>	<u>29,987,696</u>

Schedule 15 - Significant accounting policies and notes to the accounts for the year ended March 31, 2008

1. Background

MindTree Limited ('MindTree' or 'the Company') (formerly MindTree Consulting Limited) together with its wholly owned subsidiary MindTree Technologies Private Limited ('MindTree Technologies' or 'the Subsidiary') (formerly TES PV Electronic Solutions Private Limited) collectively referred to as 'the Group' is an international Information Technology ("IT") consulting and implementation Group that delivers business solutions through global software development. The Group is structured into two business units that focus on software development - R&D Services and IT Services. R&D Services enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. The Group is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands and Canada.

The Company was converted into a public limited company by a special resolution of the members passed at the Annual General Meeting held on September 27, 2006. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on November 6, 2006 by the Registrar of Companies, Karnataka.

In February 2007, the Company completed an Initial Public Offering ('IPO') of its equity shares comprising fresh issue of 5,593,300 equity shares of Rs 10 each at a price of Rs 425 per share.

On March 28, 2008, the name of the Company was changed from 'MindTree Consulting Limited' to 'MindTree Limited'. Consequent to the change of name, a fresh certificate of incorporation was granted to the Company on March 28, 2008 by the Registrar of Companies, Karnataka.

The Company acquired 100% of the outstanding equity shares of MindTree Technologies on December 17, 2007. Subsequent to acquisition, MindTree Technologies is a 100% subsidiary of the Company.

2. Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

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

2.2. Principles of consolidation

The consolidated financial statements include the financial statements of MindTree and its subsidiary. The financial statements of the parent company and its majority owned/controlled subsidiary have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealised gain/loss.

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 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

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 Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired on or after April 1, 2001 are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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

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

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

2.4.5 Fixed assets individually costing Rs 5,000 or less are fully depreciated in the period of purchase/ installation.

2.4.6 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements are amortised over the lease term or useful life, whichever is lower.

2.5 Investments

2.5.1 Long-term investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.5.2 Current investments are carried at the lower of cost (determined on the specific identification basis) and fair value. The comparison of cost and fair value is done separately in respect of each investment.

2.5.3 Profit or loss on sale of investments is determined on the specific identification basis.

2.6 Retirement benefits

- 2.6.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. MindTree has an employees' gratuity fund managed by ICICI Prudential Life Insurance Company and SBI Life Insurance Company. The gratuity liability of the Subsidiary is unfunded. Actuarial gains and losses are charged to the profit and loss account.
- 2.6.2 Leave encashment is 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.
- 2.6.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.7 Revenue recognition

- 2.7.1 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. Revenues are stated net of discounts and include expenses billed to the customers.

Maintenance revenue is accrued over the period of the contract.

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.

- 2.7.2 Dividend income is recognised when the right to receive payment is established.
- 2.7.3 Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.8 Foreign exchange transactions

- 2.8.1 The Group is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Group enters into foreign exchange forward contracts and other derivative instruments. Additionally, the Group enters into interest rate and currency derivatives to minimize its interest costs.
- 2.8.2 Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account for the year.
- 2.8.3 Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- 2.8.4 Forward contracts and other similar instruments (forward exchange contracts) that are not hedges of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') II, 'The effects of changes in

foreign exchange rates'. For such forward exchange contracts covered by AS II, 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.

- 2.7.5 For forward exchange contracts and other derivatives that are not covered by AS-II, the Group follows the guidance in the Announcement of ICAI dated March 29, 2008 whereby for each category of derivatives, the Group records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

2.9 Warranties

Warranty costs 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.

2.10 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.

2.11 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.

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.

2.12 Fringe benefit tax

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

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

2.13 Earnings per share

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

2.15 Employee stock options

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

2.16 Goodwill

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

3. Warrants

In December 2003, MindTree entered into an agreement with an overseas customer whereby warrants have been issued to the customer. The warrants could be converted into equity share at an exercise price of Rs 2 per share, subject to regulatory provisions relating to pricing of shares issued to overseas persons. The customer could convert these warrants into equity shares based on revenues provided by the customer during the defined period and on fulfilling the conditions specified in the agreement.

On November 16, 2006, the customer converted these warrants into 1,240,017 equity shares of Rs 2 each at a premium of Rs 4.71 per share pursuant to an agreement entered into with the Company.

4. On November 16, 2006, 31,695,237 equity shares outstanding of Rs 2 each were consolidated into 6,339,047 equity shares of Rs 10 each and subsequently 25,356,190 bonus shares of Rs 10 each were issued in the ratio of 4 bonus shares for every 1 share held by capitalization of securities premium, as approved by shareholders in the Extra Ordinary General Meeting on November 16, 2006.

5. Acquisition of TES PV Electronic Solutions Private Limited

On December 17, 2007, the Company acquired 100% equity in TES PV Electronic Solutions Private Limited, which was subsequently renamed as MindTree Technologies Private Limited.

Total Consideration of Rs.259,718,592 has been allocated to net assets of Rs.45,616,170 resulting in consolidation goodwill of Rs.214,102,422.

The financial statements of TES PV from the date of acquisition have been consolidated with MindTree's financial statements for the purpose of these consolidated financial statements.

6. Employee stock options

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

Program 1 [ESOP 1999]

Options under this program have been granted to employees at an exercise price of Rs 2 per option. In conjunction with the consolidation and subsequent issue of bonus shares, the Company increased the exercise price of the options outstanding as at December 31, 2006 (to the revised par value of the underlying equity shares), to comply with the regulatory requirements. The modifications did not increase the value of the options for the employee, and accordingly did not result in an accounting consequence. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or before September 30, 2001 or have been issued employment offer letters on or before August 7, 2001. This plan was terminated on September 30, 2001. The contractual life of each option is 11 years after the date of grant.

Outstanding options as at April 1, 2007	96,639
Granted during the year	-
Exercised during the year	54,700
Lapsed during the year	2,400
Forfeited during the year	-
Outstanding options as at March 31, 2008	39,539

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2007	486,900
Granted during the year	-
Exercised during the year	84,984
Lapsed during the year	12,027
Forfeited during the year	27,263
Outstanding options as at March 31, 2008	362,626

Program 3 [ESOP 2006 (a)]

Options under this program have been granted to employees at an exercise price of Rs 250 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1, 2, 3 and 4 years respectively from the date of grant

and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees to whom the options are granted on or after May 1, 2006. This plan was terminated on October 25, 2006. The contractual life of each option is 5 years after the date of grant.

Outstanding options as at April 1, 2007	366,500
Granted during the year	-
Exercised during the year	10,227
Lapsed during the year	4,020
Forfeited during the year	49,690
Outstanding options as at March 31, 2008	302,563

Program 4 [ESOP 2006 (b)]

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

Outstanding options as at April 1, 2007	1,339,350
Granted during the year*	1,667,500
Exercised during the year	14,740
Lapsed during the year	2,570
Forfeited during the year	178,770
Outstanding options as at March 31, 2008	2,810,770

*Includes options granted by MindTree to the employees of MindTree Technologies.

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

Options under this program have been granted to independent directors of MindTree at an exercise price of Rs 300 per option. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs10 each. The contractual life of each option is 4 years after the date of the grant.

Outstanding options as at April 1, 2007	70,000
Granted during the year	-
Exercised during the year	3,330
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2008	66,670

The weighted average exercise price is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 329.44 under program 4 and Rs 300 under DSOP 2006.

The weighted average exercise price for stock options exercised during year ended March 31, 2008 was Rs 76.18. The options outstanding at March 31, 2008 had a weighted average exercise price of Rs 290.26 and a weighted average remaining contractual life of 4.49 years.

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

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

Amounts in Rs.

	Year ended March 31, 2008	Year ended March 31, 2007
Net profit as reported	1,032,865,201	900,522,971
Add: Stock-based employee compensation expense (intrinsic value method)	19,193,756	12,211,803
Less: Stock-based employee compensation expense (fair value method)	79,179,869	38,090,174
Pro forma net profit	972,879,088	874,644,600
Basic earnings per share as reported	27.45	28.98
Pro forma basic earnings per share	25.86	28.15
Diluted earnings per share as reported	26.52	27.70
Pro forma diluted earnings per share	25.13	26.94

The weighted average fair value of each option granted during the year ended March 31, 2008, estimated on the date of grant was Rs 142.32 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs 335 & 459.15
Exercise price	Rs 335 & 460
Dividend yield%	0.22 - 0.33%
Expected life	3-5 years
Risk free interest rate	6.70 - 7.81%
Volatility	29% - 40%

The Company has established a Trust ('MindTree Benefit Trust'), which may at its discretion, repurchase shares from the employees, when an employee leaves the Company. This is facilitated through a loan to the Trust from the Company. Under certain circumstances, the shares repurchased by Trust, are issued to the employees of the Company. As at March 31, 2008, outstanding shares held by the Trust were 189,110.

7. Provision for taxation

The Group's profits from export of software and related activities are fully deductible from taxable income. Further, the units of the Group at Bangalore are registered as 100 percent Export Oriented Units, which are entitled to a tax holiday period of ten years from the date of commencement of commercial operations under Section 10B in case of the Company and Section 10A in case of the subsidiary.

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

Amounts in Rs.

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Deferred tax assets		
Excess of depreciation as per books over depreciation allowed under Income Tax Act	42,638,472	46,355,361
Provision for doubtful debts	44,746,709	-
Unabsorbed depreciation	2,463,970	-
Total deferred tax assets, net	89,849,151	46,355,361

8. Contingent liabilities and commitments
- Guarantees given by the Group's bankers as at March 31, 2008 are Rs. 44,117,454 (previous year- Rs 24,267,492).
 - Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2008 is Rs 160,583,022 (previous year -Rs 695,007,234).
 - On September 19, 2007, MindTree received a notice from the Honorable High court of Karnataka to appear before the Honorable court in respect of assessment of income for A.Y 2001-02. The Assessing Officer ('AO') has held that interest receipts are not eligible for deduction under section 10B of the Act even though they are business income and disallowed the same. Further AO also mentioned that losses from export earnings cannot be set off against other income. The AO also rejected the claim of carry forward of business loss and unabsorbed depreciation. The order of the AO was not upheld by ITAT and the AO preferred an appeal with the Honorable High court of Karnataka against the order of the ITAT. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2008.
 - On January 2, 2008, MindTree has received an assessment order for A.Y 2005-06 from the AO with a demand amounting to Rs. 6,479,880 on account of certain disallowances / adjustments made by income tax department. A significant portion of this amount arises from manner of adjustment of brought forward losses in arriving

at the taxable profits of the Company. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2008. MindTree has filed an appeal against the demand received.

9. Segmental reporting

The Group's operations predominantly relate to providing IT services in two primary business segments viz. IT Services and R&D Services. The Group considers the business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

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

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

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

Business segments

Amounts in Rs.

Consolidated Profit and Loss statement for the year ended March 31, 2008	R&D Services	IT Services	Total
Revenues	1,668,200,490	5,729,657,397	7,397,857,887
Operating expenses, net	1,495,140,910	4,651,292,533	6,146,433,443
Segmental operating income	173,059,580	1,078,364,864	1,251,424,444
Unallocable expenses			353,567,060
Profit for the year before interest			897,857,384
Interest expense			59,032,861
Other income			279,441,888
Net profit before taxes			1,118,266,411
Income taxes			85,401,210
Net profit after taxes			1,032,865,201

Amounts in Rs.

Consolidated Profit and Loss statement for the year ended March 31, 2007	R&D Services	IT Services	Total
Revenues	1,444,629,293	4,458,894,575	5,903,523,868
Operating expenses, net	1,190,620,187	3,588,521,661	4,779,141,848
Segmental operating income	254,009,106	870,372,914	1,124,382,020
Unallocable expenses			272,381,076
Profit for the year before interest			852,000,944
Interest expense			29,987,696
Other income			73,647,603
Net profit before taxes			895,660,851
Income taxes			(4,862,120)
Net profit after taxes			900,522,971

Geographical segments

Amounts in Rs.

Revenues	Year ended March 31, 2008	Year ended March 31, 2007
America	4,864,814,909	3,734,733,310
Europe	1,365,856,006	1,306,393,578
India	420,941,397	304,729,375
Rest of World	746,245,575	557,667,605
Total	7,397,857,887	5,903,523,868

10. Related party transactions

Name of Related Party	Relationship
MindTree Benefit Trust	The Trust is effectively controlled by the Company

Transactions with the above related parties during the period were:

Name of Related Party	Nature of Transaction	March 31, 2008	March 31, 2007
MindTree Benefit Trust	Loans given/ (repaid)	Nil	(5,356,600)

Balances receivable from related parties are as follows:

Name of Related Party	March 31, 2008	March 31, 2007
MindTree Benefit Trust	Nil	Nil

Key managerial personnel:

Ashok Soota	Chairman and Managing Director of MindTree
Subroto Bagchi	Chief Operating Officer of MindTree
N Krishnakumar	President and CEO, IT Services of MindTree
S.Janakiraman	President and CEO, R&D Services of MindTree
Dr. Albert Hieronimus	Non executive Director of MindTree
George M. Scalise	Non executive Director of MindTree
Mark A. Runacres	Non executive Director of MindTree
N. Vittal	Non executive Director of MindTree
R. Srinivasan	Non executive Director of MindTree

Remuneration paid to key managerial personnel amounts to Rs. 30,484,619 (Rs. 18,820,257 for previous year ended March 31, 2007). Advances due from directors in the nature of travel and business expense advances as at March 31, 2008 amounted to Rs. 782,221 (Rs. 1,410,650 for previous year ended March 31, 2007).

12. Earnings per share

The computation of earnings per share is set out below:

Amounts in Rs.

Particulars	Year ended March 31, 2008		Year ended March 31, 2007	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax	1,032,865,201		900,522,971	
Shares				
Weighted average number of equity shares outstanding during the year	37,625,112	37,625,112	31,069,696	31,069,696
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,323,603	-	1,442,510
Weighted average number of equity shares for calculation of earnings per share	37,625,112	38,948,715	31,069,696	32,512,206

11. Lease transactions

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

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

Amounts in Rs.

	Year ended March 31, 2008	Year ended March 31, 2007
(a) Total minimum lease payments	37,240,501	47,607,360
(b) Future interest included in (a) above	4,840,046	5,976,041
(c) Present value of minimum lease payments [(a)- (b)]	32,400,455	41,631,319

The maturity profile of finance lease obligations is as follows:

Amounts in Rs.

Period	Minimum lease payments	Present value
Payable not later than one year	15,871,885	13,225,317
Payable later than one year and not later than five years	21,368,616	19,175,127

Finance charges during the year on such finance leases as mentioned above are Rs 4,033,871 (previous year-Rs 3,367,292) which is included under 'Interest on short term credit / finance charges'.

Lease rental expense under non-cancelable operating lease during the year amounted to Rs 29,428,480 (previous year-Rs 60,722,766). Future minimum lease payments under non-cancelable operating lease as at March 31, 2008 is as below:

Minimum lease payments	Amounts in Rs
Payable not later than one year	49,033,749
Payable later than one year and not later than five years	42,410,503

Additionally, the Company leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancelable operating lease during the year was Rs 138,690,878 (previous year-Rs 156,566,315).

Rental income from sub-lease of office facilities during the year was Rs 573,865 (previous year- Rs.19,459,656) which is included in miscellaneous income.

As per the Guidance note (issued in January 2005) on Accounting for Employee Share Based Payments by the ICAI, 189,110 (previous year-357,707), weighted average number of shares held by MindTree Benefit Trust have been reduced from the equity shares outstanding for computing basic and diluted earnings per share for the year ended March 31, 2008. Equity shares issuable pursuant to the warrant agreement with the customer are considered outstanding and included in the computation of basic and diluted earnings per share to the extent that conditions specified in the agreement are met.

Consequent to consolidation of shares and subsequent issue of bonus shares as explained in Note 4, the number of equity shares outstanding before the said event is adjusted for the proportionate change in the number of equity shares outstanding, as if the event had occurred at the beginning of the earliest period reported.

13. The details of the Subsidiary are as follows:

Name of the Subsidiary	Country of incorporation	Proportion of interest
MindTree Technologies Private Limited	India	100%

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

Provision for warranty

Amounts in Rs.

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Balance as at beginning of the year	20,909,554	16,710,981
Provisions made during the year	-	4,198,573
Utilisations during the year	-	-
Released during the year	(10,429,494)	-
Provision as at the end of the year	10,480,060	20,909,554

Provision for discount

Amounts in Rs.

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Balance as at beginning of the year	53,992,168	34,033,902
Provisions made during the year	8,166,890	19,958,266
Utilisations during the year	(17,175,517)	-
Released during the year	-	-
Provision as at the end of the year	44,983,541	53,992,168

15. Statement of utilisation of IPO funds as of March 31, 2008

Particulars	Amounts in Rs
Amount raised through IPO	2,377,152,500
Share issue expenses paid	188,717,404
Net proceeds	2,188,435,096
Deployment	
Repayment of debts	113,750,000
Utilization for Chennai facility expansion	812,542,615
Investment in fixed deposits with banks	309,940,062
Short term investments in mutual funds pending utilization	952,202,419

16. Derivatives

Forward contracts

As at March 31, 2008, the Group had outstanding forward contracts amounting to USD 44.4 million (previous year USD 14 million) and CHF 22 million (previous year Nil). Of the above amount, forward contracts to the extent of USD 10 million (previous year USD 8 million) have underlying foreign currency debtors and to the extent of USD 0.4 million (previous year Nil) have underlying foreign currency creditors. Forward contracts of USD 34.0 million (previous year USD 6 million) are in respect of highly probable forecasted transactions. The unamortized premium on these contracts as at March 31, 2008 is Rs 18.25 million (previous year- Rs 2.67 million).

Options

As at March 31, 2008, the Group had outstanding options amounting to USD 160.50 million (previous year USD 9.5 million) and GBP 0.30 million (previous year Nil). Of the above amount, options to the extent of USD 13.2 million (previous year USD 5 million) have underlying foreign currency debtors and the remaining options are in respect of highly probable forecasted transactions.

Currency and interest rate swaps

As at March 31, 2008 the Group had entered into currency and interest rate swap arrangements to the extent of Rs. 736.55 million (previous year- Rs 57.44 million).

17. Gratuity plan

Effective April 1, 2006 the Company adopted the revised accounting standard on employee benefits. Pursuant to the adoption, there are no transitional obligations of the Company.

The following table set out the status of the gratuity plan as required under AS 15 (revised).

Particulars	For the year ended March 31, 2008 (Rs.)	For the year ended March 31, 2007(Rs.)
Obligations at beginning of the year	69,954,568	45,996,519
Obligations acquired as part of the business purchase	1,946,113	-
Service cost	35,395,132	23,762,574
Interest cost	5,596,365	3,679,722
Benefits settled	(2,872,232)	(1,462,535)
Actuarial (gain)/loss	(321,683)	(2,021,712)
Obligations at end of the year	109,698,263	69,954,568
Change in plan assets		
Plans assets at beginning of the year, at fair value	65,908,422	45,996,519
Expected return on plan assets	5,928,278	3,679,722
Actuarial gain/(loss)	2,623,518	(180,030)
Contributions	19,000,000	17,874,746
Benefits settled (estimated)	(2,872,232)	(1,462,535)
Plans assets at end of the year, at fair value	90,587,986	65,908,422
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	90,587,986	65,908,422
Present value of the defined benefit obligations at the end of the year	109,698,263	69,954,568
Asset/(liability) recognized in the balance sheet	(19,110,277)	(4,046,146)
Gratuity cost for the year		
Service cost	35,395,132	23,762,574
Interest cost	5,596,365	3,679,722
Expected return on plan assets	(5,321,237)	(3,679,722)
Actuarial (gain)/loss	(2,945,201)	(1,841,682)
Net gratuity cost	32,725,059	21,920,892
Assumptions		
Interest rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	8.00%	8.00%
Salary Increase	8.50%	8.00%
Attrition rate	12.50%	10.00%
Retirement age	60	60

18. Prior period comparatives

Previous year's figures have been regrouped /reclassified wherever necessary, to conform to current year's classification.

For MindTree Limited
(formerly MindTree Consulting Limited)

Ashok Soota
Chairman & Managing Director

Subroto Bagchi
Director

Rostow Ravanan
Chief Financial Officer

Usha T N
Company Secretary

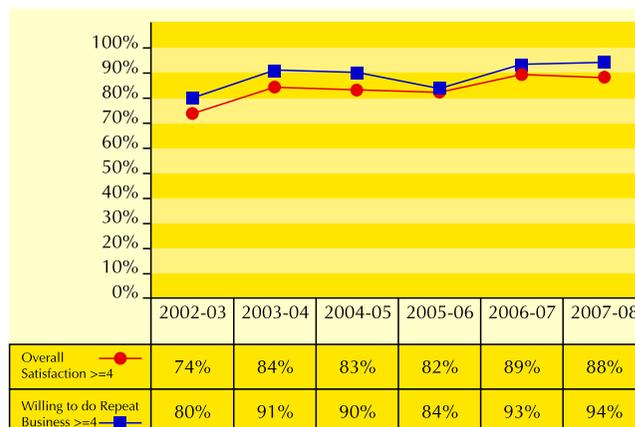
Date: April 16, 2008

Report On Customer And People Satisfaction

Customer Satisfaction

MindTree's annual Customer Experience Survey, conducted by the Quality Function, helps us know the overall satisfaction levels of our customers, their willingness to do repeat business with us and to recommend MindTree to others. We also collect valuable feedback from our customers that help us enhance the quality of our services.

In our past Customer Experience Surveys, our customers have frequently mentioned that it has been a unique experience to partner with MindTree and especially, to interact with MindTree Minds. In 2007-08, we took it upon ourselves to take this experience of our customers to the next level of maturity. We identified the moments of truth in our partnership with our customers and worked towards focusing on each of those areas. These included enhancing MindTree's Consulting-led approach, deeper industry domain expertise, increased project/program management capabilities and technical competence. These were possible through a mix of investments in innovative Solution Frameworks and advanced tools and the creation of out-of-the-box experiential learning programs for MindTree Minds.

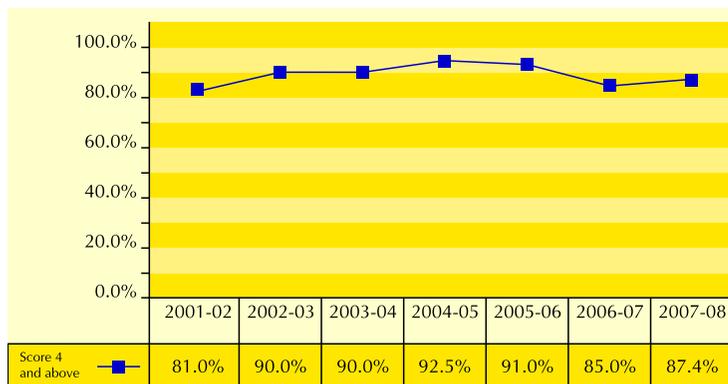


Customer Experience Survey conducted in December 2007 was responded to by 70% of our customers. More than 88% rated us 4 and above, on a scale of 5, on overall satisfaction. On their willingness to do repeat business with MindTree, 94% of our customers rated us 4 and above on a scale of 5. The above chart shows the overall feedback from our customers over the last six years.

In order to further improve the customer experience we have made structural changes in the delivery organization. In MindTree, we drive certain organizational focus areas through an annual theme. For the year 2008-09, the organizational theme is "Delivery Excellence". Key company initiatives are aligned with this theme to deliver superior value to our customers, thereby increasing the customer loyalty and repeat business.

People Satisfaction

The annual MindTree People Perception Survey (MPPS) offers a glimpse into the satisfaction levels of MindTree Minds and their alignment to MindTree's values, culture and mission. MPPS is also a strong tool for the organization to collect valuable inputs from MindTree Minds to continuously enhance our people practices.



Based on last year's survey, we had identified key action areas and have made significant progress on each of them. In our endeavor to strengthen our Performance Management practices we initiated a Six Sigma project to ensure timeliness of goal setting and performance feedback. We also started the concept of 'feedback fortnight' to encourage MindTree Minds to solicit and give unstructured feedback. Select MindTree Managers were identified, recognized and profiled as being the role models in the area of building high-performance teams. Many new features were introduced in the appraisal system to improve self-service, user-friendliness and its effectiveness.

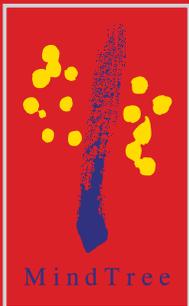
We also worked in two key initiatives during the course of the year that will help in building deeper bonds with MindTree Minds. The first initiative was to design an assimilation program that ensures that new MindTree Minds joining us from technical campuses are better

skilled, differentiated and more emotionally attached to the organization than their industry peers. The second initiative was to develop programs that helped create the spirit of volunteerism among MindTree Minds to be part of several organization building initiatives.

The recent MPPS, conducted in May 2008, was responded to by 65% of MindTree Minds. On overall satisfaction, over 87.4% of MindTree Minds have given a rating of 4 and above, on a scale of 5.

In the current year, empowerment and enablement of line managers is going to be a key focus area. Apart from introducing several new systems we will roll out in-house designed learning programs to help MindTree Managers develop expertise in building and nurturing teams.





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