



MINDTREE LIMITED
ANNUAL REPORT 2010 - 11

MindTree Limited

Board of Directors

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

Audit Committee

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

Investor Grievances Committee

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

Compensation Committee

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

Strategic Initiatives Committee

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

Administrative Committee

Mr. Ashok Soota - Chairman *
Mr. Subroto Bagchi - Member
Mr. V. G. Siddhartha - Member

Business Heads

Mr. Krishnakumar Natarajan - CEO & Managing Director
Mr. S. Janakiraman - Group President - Product Engineering Services
Mr. Anjan Lahiri - President - IT Services
Mr. Scott Staples - President - Data Analytics & Solutions
Mr. Parthasarthy N. S. - President - IMTS & Testing
Mr. Vinod Deshmukh - President - Technology & Products - PES
Mr. Ashok Krishnamoorthy - President - Business & Services - PES

Chief Financial Officer

Mr. Rostow Ramanan

Company Secretary

Mr. Rajesh Srichand Narang

Auditors

B S R & Co.

Bankers

The Hongkong & Shanghai Banking Corporation Limited
Standard Chartered Bank
State Bank of India
ICICI Bank Limited
Deutsche Bank
Citibank

Registered Office

Global Village, RVCE Post, Mysore Road,
Bangalore 560 059, India.
Ph: 91 80 6706 4000
Fax: 91 80 6706 4100
www.mindtree.com

* Resigned w.e.f. March 31, 2011

** Non-Executive Chairman w.e.f. April 1, 2011

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Message from CEO & Managing Director, Mr. Krishnakumar Natarajan



Dear Shareholder,

At the very outset, I want to thank you on behalf of the board of directors, the management team and the 10,000 MindTree Minds for your continued support and goodwill at a time when your Company is undergoing a significant transformation. This August, as a Company, we will complete our twelfth year and step into the thirteenth. It is a time when we leave some things behind and take some things on.

Today, the most significant thing your Company is leaving behind is the past; the most significant thing we are embracing is our future. Let me begin with the key events that defined the year that has gone by.

FY 2010-2011 will be remembered by all of us as the year we exited the smartphone business. When we entered this segment, we had taken on the risks involved because the rewards seemed commensurate. As the market evolved, the nature and quantum of the risks changed. Therefore we felt that the prudent course of action would be to exit this segment. We have learnt some valuable lessons in this process and these will guide us in our future decisions.

The second significant event of the year was the change at the top. Co-founder of the Company and the Chairman, Mr. Ashok Soota moved on and the board welcomed Dr. Albert Hieronimus in his place.

In the year that has gone by, your Company grew from a base of Rs. 12,332 million to Rs. 15,090 million, a growth of 22% year-on-year, in itself among the best in the industry. However, the impressive top-line growth should have been accompanied by comparable growth in profitability, which got impacted due to the internal and environmental issues last year. We are conscious that our current profitability is behind the industry benchmark; that is what investors are focussed on and we will do everything we can to put our profitability back on track.

FY 2010-11 was the year of large, multi-year annuity deals in our IT Services business from Fortune 500 customers around the world who chose us for our expertise, size and culture. The relentless efforts of the sales and the delivery teams makes your Company open the year on a very strong footing. In a moment, I want to share with you why we are winning these deals and, going forward, where we must train our eyes. First, a word about the demand and the competitive environment that drive our ability to shift from where we are to where we intend to take your Company in the future years.

There is credible evidence that our industry will actually grow three times¹ from the current US\$70 billion to an estimated US\$225-310 billion by the year 2020. In other words, there could not be a better time to be in the software services business. That said, every player in the industry will have to reinvent itself both externally and internally to take advantage of the projected growth. That is, “more of the same” will not work.

1 Nasscom McKinsey Report

At MindTree, we are taking several determined steps to be there when the future arrives. The first step is in simplifying the structure of your Company. In the previous year, as we told you, we had 7 growth engines. Today, we have reorganized ourselves to just two: IT Services and Product Engineering Services. Our IT Services business serves the needs of a Chief Information Officer of leading global organizations like Avis, Procter and Gamble, SITA and Unilever. Our Product Engineering business serves the needs of a Vice President of Engineering in companies like Microsoft, Symantec, TomTom and Texas Instruments. Both businesses are now focussing on building deep industry expertise instead of being everything to everyone.

We are asking our business leaders to choose their customers wisely, to keep a sharp eye on profitability, to look at non-linear revenue models and to go after larger deals. Today, we have 67 customers above \$1 million in revenues. The time has come to up our ambition—to go after and win the \$50 million and \$100 million deals that will soon open up.

In the businesses we are in, our customers are asking for three things in addition to development and application maintenance; infrastructure management, testing, and data and analytics services. We are building these three capabilities. We see these as very significant growth drivers in the years to come.

Our two businesses send potential customers a message with three easy-to-understand premises:

- We are expertise-led; we focus on domains; we are organized as industry groups.
- We are the best mid-sized company in the game and you need us to de-risk your vendor strategy. We deliver you access, attention, and agility with the right attitude.
- Last but not the least, when you work with us, you will be pleasantly surprised to see that our culture is very different from others and that will make you feel good about the choice you made.

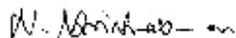
As we move forward, we are not resting on the present success of these premises. We are engaging with leading brand companies in the world to see what future customers of large deals are seeking and we are internally readying ourselves to change so that we become relevant to the customers of tomorrow.

Your Company's business is about customers and people. At one level, it is a straightforward business. If one can get good customers, and hire, train and retain good people, building a sustainably profitable business is not difficult. For the most part, our people-satisfaction score and our retention numbers have been way above the industry norm. We are reinvigorating our people-engagement initiatives and it is our goal to get back our status as one of the most admired employers. You can already see the impact of the focus in the latest Aon-Hewitt Best Employer Survey, which ranks us amongst the Best-25 Employers in India.

We have work ahead of us and we are systemically gearing up to be one of the most preferred places for the top talent in our industry to build a career. Making MindTree a great place to work in and improving profitability are the most important drivers of sustained success for MindTree.

Your Company has some of the best people in the industry and we have the confidence that they will be able to transform themselves and, in the process, transform the organization. If we collectively succeed in our endeavour, we know that investor confidence will return. In the process collectively, we continue to create and build value for all our stakeholders.

With best regards,



Krishnakumar Natarajan
CEO & Managing Director

Sustainability Report

At MindTree, the paradigm of corporate sustainability is a business imperative. Our approach to corporate sustainability is in sync with our approach to our business, our workplaces, our community and our environment. MindTree is committed to follow high standards of customer orientation, environmental protection, corporate governance and community development.

Our Vision

Our commitment to being a responsible corporate citizen is enshrined in our Vision statement; our 5 year vision is:

- We will achieve US \$1 billion in sales.
- We will be among the Global Top 20 in the IT services business in profitability, as measured by PAT to Sales and RoCE.
- We will be among the Top 20 most admired companies globally in the IT Services business, known for our customer satisfaction, people practices, knowledge management and corporate governance.
- We will touch and improve the lives of the differently-abled, through leadership in Assistive Technologies.

Our Mission

Successful Customers Happy People Innovative Solutions

Our mission statement reiterates that two most important stakeholders are our customers and our people. We believe that Happy People lead to Happy Customers and that Innovative Solutions are a means of contributing to the success of our customers.

Values

Every MindTree Mind is driven by CLASS values, the acronym for our core values of Caring, Learning, Achieving, Sharing, and Social Responsibility. Everything we are, everything we do and everything we believe in revolves around our CLASS values and the distinct culture that we have built around it. The two main attributes that characterize our culture are a high level of achievement orientation and caring.

Our belief is that we are well on our way to making MindTree a sustainable and environment friendly company. For us, environment sustainability is business sustainability. At MindTree, we believe that environment sustainability should include:

1. Industry environment
2. Market environment / Customer environment
3. Workplace environment
4. Governance and ethical practices
5. Ecological environment
6. Social environment

Whilst we aggressively pursue our vision of becoming a USD 1 billion Company, we are guided by following factors operating in each of the above environments.

1. Industry Environment

The global economy and the IT industry in particular has been experiencing pressured growth. MindTree adopts methods and processes to assess and analyze risk & holistically, identify the areas of compliance and proactively develop measures to comply with regulations.

Enterprise risk management involves the process of setting up a common strategy across the Company, identifying events relevant to the Company's objectives, assessing them in terms of risk exposures, managing the risks, determining a response strategy and monitoring progress.

MindTree does this by identifying and proactively addressing risks and opportunities, protecting and creating value for our stakeholders, including shareholders, employees, customers, regulators and society overall.

2. Market Environment

We have been consistently focussing on customer satisfaction, quality and enhancing the experience of customer engagement. We uniquely define quality processes. We work closely with customers to understand the unique "value" expected by clients from each engagement, and then tailor our processes to enable realization of that value. We measure our success through periodic formal independent feedback mechanisms.

Our focus on project-level quality systems ensures that every customer engagement progresses smoothly. Our Project Management capabilities are enhanced and driven by:

- Competency development through extensive trainings and certifications.
- Infrastructure development through integrated project management tools.
- Peer networking through community-based benchmarking and sharing within MindTree as well as with the industry.

2.1 Certifications

MindTree, after becoming the youngest company to achieve Level 5 Certification under both CMMi and PCMM models (since expired), has undergone certification under the revised Software CMMi 1.2 version and has been certified at Level 3 at an organization-wide level.

MindTree's IMTS Business Unit has been assessed and certified under the ISO 20000-1 : 2005 Standard.

MindTree is certified under ISO 27001 Standard for Information Security Processes and Practices and under ISO 13485 for Medical Device Design.

As part of our continuous journey to improve the environment, health and safety standards, we were certified in July 2010 for ISO 14001:2004 and OHSAS 18001:2007 Standards.

2.2 Processes, Tools and Systems

MindTree's well defined processes, for each business and technology practice is defined and refined by practitioners themselves after being validated against industry best practices. MindTree processes are made available globally to all MindTree Minds through a portal called ProcessNet.

2.3 Metrics and Governance Mechanisms

MindTree's comprehensive metrics and governance mechanisms ensure that quality standards are constantly and consistently maintained.

2.4 Quality/Process Consulting to Customers

MindTree provides consulting services to customers to improve their internal processes and systems. Many of our customers have adopted MindTree's tools and processes and integrated them into their own initiatives.

2.5 Thought Leadership

Our active role in the IT industry has placed us at the forefront of industry think-tanks. We help set industry standards and benchmarks, thereby assuming a leadership role and raising the bar on quality - both for ourselves as well as for the industry as a whole.

Some of our activities include:

- Leadership of Bangalore SPIN (Software Process Improvement Network), a virtual organization of most of Bangalore's IT companies engaged in sharing of best practices and benchmarking of data and practices.
- Leading the industry in benchmarking of data and practices since 1999, in collaboration with 25 high maturity software organizations in Bangalore.
- Active involvement in advisory bodies and organizing committees of forums like NASSCOM Quality Summit, CII Quality Summit, PMI Conference, and Asia Pacific SEPG Conference, etc.

3. Workplace Environment

Our focus on our people, continuous learning and people-centric policies sets us apart from our competitors. Right from the moment they enter the MindTree fold, we strive to provide MindTree Minds with the right stimulation through various people engagements.

Nurture - Built into the DNA of MindTree

By nurturing young minds and talent, MindTree ensures that excellence and organic growth is an ongoing process. At MindTree we recognize an individual as a human being first. Thus we refer to our people as 'MindTree Minds'.

3.1 Nourish, Nurture, Grow: Cultivating promise and potential

Nourish: At MindTree we focus on creating an environment in which our saplings can blossom and realise their full potential. Each sapling represents a MindTree Mind which flourishes when it is showered with abundant nourishment and sunshine in the form of appreciation and recognition.

Nurture: MindTree is committed to building an organisation for future generations. Despite the fact that there is a mismatch between demand and supply in the business space we are in, we strongly believe that only people who fit into the culture of the organization can bring significant value to the growth of the organization.

Grow: When we recruit people, we first look for technical competence and then assess people's fitness on CLASS values. If there are some limitations due to disabilities, we work with the individual to see how we can address this issue through specific arrangements to make them productive.

Inclusivity: We have many specially-abled MindTree Minds who are doing extremely well, holding responsible positions in the Company and are proud of having been associated with MindTree for over 10 years.

Induction program: Welcoming new MindTree Minds

We hire two categories of people into the organization: (1) the campus hires and (2) the lateral hires. Each of these groups has its own unique induction programme.

Orchard: sheltering fresh MindTree Minds

The goal of the Orchard induction program in MindTree is to make the campus minds better skilled, more emotionally attached and uniquely differentiated. The fruits of our success are :

- An increase of 40% in overall learning in the campus batches of 2006, 2007, 2008, 2009 and 2010.

- An independent study has found a 48% increase in learning programme satisfaction, 68% perceived increase in skills, 71% increase in job effectiveness, 44% increase in emotional attachment ever since Orchard was started.
- The PAL (Parent Anchor Leader) Program scores have been greater than 4 out of 5.

Arboretum: Nurturing and growing experienced MindTree Minds

"Arboretum" is a Latin word which means "A garden where grown up trees are nurtured". True to this definition, the new lateral hires from the market are nurtured with utmost care, helping them inculcate MindTree's culture and value system in a seamless manner.

3.2 Reaping what is sown: Best practices in learning and development

The Culture and Competence Initiative (C2): This initiative was conceptualized with the objective of facilitating learning and development within the organization.

We have focused on Culture as we believe that creating a culture of learning will be more effective and impactful than being submerged by loads of information, so the focus has remained on creating and nurturing our culture.

Continuing Education at MindTree: Because learning never stops

At MindTree we provide a plethora of avenues for MindTree Minds to continue their education through our partnerships with leading technical and management institutions of the country.

The Sabbatical policy: Caters to those MindTree Minds who want to take a break to pursue higher education and gives them the flexibility to re-join MindTree on completion of their courses.

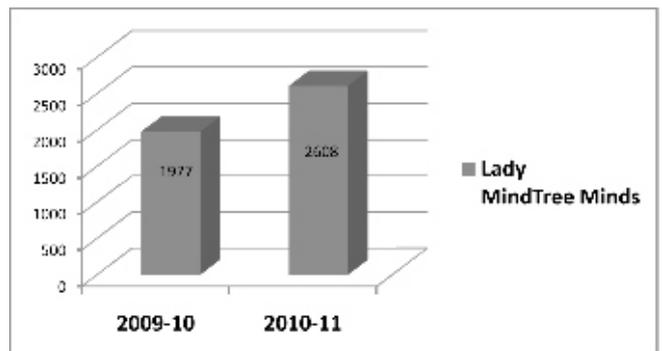
3.3 Rewards: Building a culture of recognition

At MindTree, we believe in creating an "awe" factor for all our MindTree Minds who truly deserve to be recognized and can inspire others to believe that their dreams are not impossible. For example, we have the **MindTree Citizen Award** which is given to individuals who display delivery excellence in various roles across the organization.

The Chairman's Award is the highest award bestowed on a MindTree Mind. Hand-picked by the Chairman from the MindTree Citizen Award winners, these Minds have been instrumental in upholding and spreading the CLASS values of MindTree as well as exemplifying delivery excellence in their respective roles.

3.4 Diversity and Inclusivity: In our differences we are unique and special

Over the years the percentage of lady MindTree Minds at MindTree has grown from 16% in 2004 to 27% in 2010. Taking cognizance of the dual roles played by women and the additional responsibilities that they undertake in life, MindTree has defined policies that go a long way in helping the women Minds.



Dhriti - MindTree Women's Network

Dhriti is a platform for lady MindTree Minds to voice their concerns, and to share and learn from one's own and others' experiences. Dhriti's mission is to "Empower women to help them realize their true potential". It has the responsibility towards; helping define women friendly policies, and design and develop programs for women and look into their grievances.

Some of the initiatives undertaken include Special Needs Leave for Women, Baby's Day Out, Toddler's Park, etc

Inclusivity

As an equal opportunity employer, MindTree does not discriminate on grounds of gender, age or religion. We recruit people based on merit and capability. We also provide a user friendly campus for the differently abled including motorized wheel chairs for all, specially built rest rooms available on every floor, ramps at all entrances, etc.

3.5 Communicate, Express and Share

At MindTree, we have an open door policy which encourages accessibility, openness and transparency in communication. We believe in the 95:95:95 principles: 95% of employees should have access to 95% of the information communicated 95% of time.

Our Content rich Intranet: PeopleNet (MindTree) Intranet is the source of comprehensive, organization wide information and accessible to MindTree Minds across the globe, at the click of a button. All organization wide policies, practices, programmes, people systems and applications are available on People Net.

3.6 Performance and Compensation

Our compensation philosophy is driven by three mutually exclusive and collaboratively exhaustive mottos - Pay for Performance, Pay Competitively and Inclusive Meritocracy.

3.7 Nurturing the right balance between work and personal life

At MindTree, we feel very strongly that both work and personal life have each got a claim on our time, attention and care. People are our assets and we constantly strive to improve health and safety standards in our work environment. We have a well designed corporate wellness program revolving around the key health-hazard issues prevalent in the IT industry including musculoskeletal problems, poor eating habits, stress in both personal and working life and substance abuse - especially smoking.

Healthy Mind in a Healthy Body is the corporate wellness program at MindTree. This initiative focuses on offering education and opportunities to improve both physical and mental health of MindTree Minds - through the Ergonomics programmes, Transcendental meditation programmes, Yoga sessions, Lectures on Health related issues, Health camps which include dental checks, eye checks, general health checks, etc., are a part of the Healthy Mind in a Healthy Body programme. Some of our innovative initiatives are **MindTree Health Portal**.

The CHI health portal is a one shop stop for all health related queries with a host of health related articles. Two interesting features which have been adapted by MindTree Minds are, an online chat session with Dieticians to help MindTree Minds chart out diet plans and an Exercise Finder which helps people search and view specific exercises.

The portal has also given us a wealth of information on the health of MindTree Minds through the Health Risk Assessments. Our programmes are now driven with these needs in mind.

Be+ve

MindTree has launched a service called "Be+ve", an assistance programme for MindTree Minds and their families. It provides a

platform for MindTree Minds to get neutral and objective professional assistance from qualified counsellors with full anonymity and confidentiality being assured. The success of this program is clearly established by the fact that around 5,600 MindTree Minds currently use and have benefitted from this programme.

4. Governance and Ethical Practices

We, at MindTree, believe in ethical business conduct, integrity and commitment to values which in turn enhance and retain stakeholders' trust and are the hallmarks of corporate governance.

4.1 Our Integrity Policy

At MindTree, we have an articulated Integrity Policy. All MindTree Minds, irrespective of level, role and location are bound by it. This is presented as part of the Value Session to every new MindTree Mind.

MindTree has defined internal policies which direct and control the activities and mechanisms to optimize economic results for shareholders' welfare and in the interest of all the stakeholders of the Company. Corporate responsibility involves adopting principles of fairness, transparency in corporate disclosure and accountability with all the constituents and stakeholders of the Company.



4.2 Corporate Governance Structure at MindTree

- MindTree is governed by the following well structured Committees set up by the Board to steer various critical activities in the organization. Some of the committees that have been set up are the Audit Committee, the Compensation Committee, the Investors Grievance Committee, the Administrative Committee and the Strategic Initiatives Committee.
- MindTree also has a Whistle -blower policy, a mechanism to report concerns to the management.

At MindTree, Legal Compliance Management aims at improving effectiveness in terms of key responsibility areas and develop processes to continuously monitor critical compliance areas. It encompasses a systematic identification of risk, understanding risk and implementing measures that counter risks arising out of non-compliance. We have in place a Code of Conduct for Directors & Senior Management.

5. Ecological Environment

At MindTree we are sensitive of our ecological footprint and care for how we treat the environment.

Our green mission and purpose is enshrined in our Green Mission Statement-

“To work closely with all of our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint.”

The mission is taken forward by two bodies:

- The MindTree Green Council, which provides governance mechanisms and directs our green initiatives to meet our objective.
- The Green Community, which is the extended arm of the MindTree Green Council, which mobilizes participation for the execution of mass programmes.

MindTree Green Council (MGC)

MGC is an advisory group which promotes and provides oversight for environmental movement at MindTree and consists of senior leaders from all relevant streams. MGC promotes the following:

- Educating MindTree Minds, our extended families and our partners on environmental responsibility.
- Identify eco-friendly initiatives and implement them through extended teams.
- Design and implement a metrics based approach for continuous improvement of MindTree's Green Initiatives.
- Make our campuses environment friendly.
- Work with other organizations with an intention to learn and share.
- Continuously review our Green Mission Statement to ensure it remains relevant to our business with the right balance between shareholder value and environmental friendliness.
- Strive to buy and use environment friendly products wherever there is an opportunity.

Green Community

The Green Community is a voluntary group of over 200 volunteers spread across MindTree's locations with the primary intention of spreading awareness among Minds to turn more eco-friendly at office, as well as in their personal lives. The Green Community regularly organizes awareness campaigns in multiple locations of MindTree via multiple media such as invited talks, educational stalls, product sales, pollution check campaigns, movie screenings and so on. The Community also aims to provide helping hands to the Green Council in implementing some of the initiatives which may require more active involvement from Minds.

The Green Community is also responsible for several activities in addition to organizing awareness events, such as:

- Carbon foot print measurement in MindTree facilities.
- Green Portal design and maintenance.
- Continuous evaluation of new Green ideas coming up through Neuron.

GREEN EVENTS @ MindTree

- Major events like Earth Hour and the World Environment Day are celebrated across all locations.
- Sessions on Organic Farming, Indigenous Tree Plantation, Rain Water Harvesting, Sustainable Technologies for Home Creation, Waste Recycling, and Eco Architecture were conducted to

sensitize MindTree Minds on how small life style changes can help us reduce our impact on the environment.

- Events encouraging the spirit of camaraderie along with climate change awareness are conducted throughout the year. Movie Shows on Climate Change, Treasure Hunt, Fire Cracker Free Diwali Celebrations, Walkathons, Biking Events, and Cyclotrons are just some of the events conducted to promote consciousness on Green Living amongst MindTree Minds.

5.1 Carbon Footprint*

Carbon Footprint is a quantitative measurement of the impact of each of our activities have on the environment, and is measured in terms of the quantity of greenhouse gases emitted. MindTree has been measuring and reporting its carbon footprint on a quarterly basis since Q1, 2009-10. A snapshot of the carbon footprint of MindTree for the last two financial years is below:

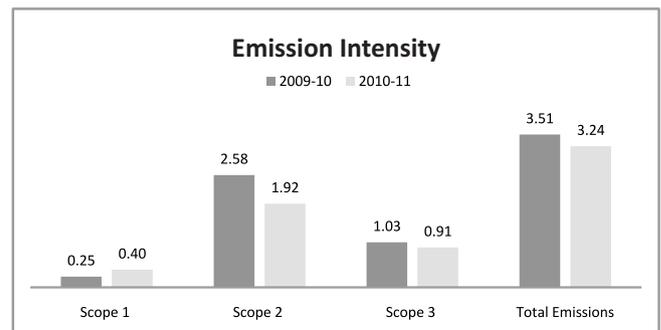
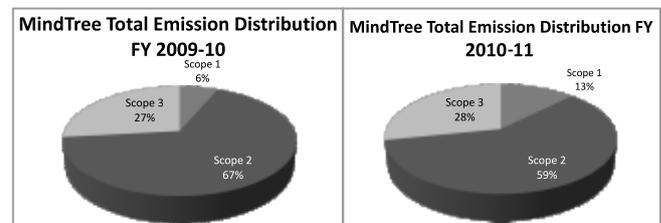
Absolute Emissions by Source

The data below reflects the increase in absolute emissions is due to business growth. However, MindTree has managed to bring down its per capita emission intensity by 7.8% in comparison to the FY 2009-10. This reflects the commitment of the MindTree Minds and the Green Council team towards a low carbon future.

Emissions	MT CO2-e (FY 2009-10)	MT CO2-e (FY 2010-11)
Diesel Generator	1, 701.35	3, 484.75
LPG	87.11	86.29
Owned Vehicle	7.09	8.51
Refrigerant	0.00	0.00
Purchased Electricity	18, 835.70	17, 008.66
Business Travel	4, 661.12	4, 196.77
Employee Commute	2, 820.42	3, 625.84
Freight	237.25	469.72
Waste	-170.76	-187.78
Total	28, 179.28	28, 691.10

* “Carbon Footprint numbers for FY 2009-10 have undergone baseline changes due to updates in emission factors and inclusion of new facilities by MindTree”

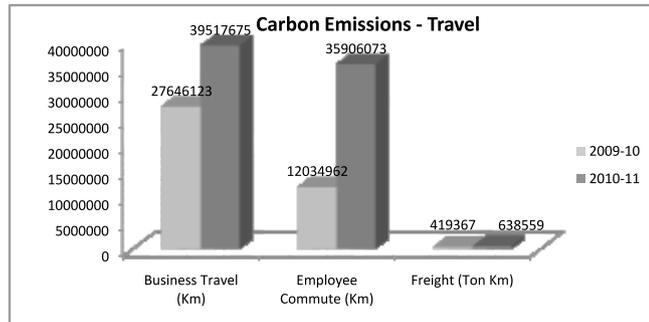
Carbon Emissions by scope



Carbon Emissions due to mobility

Being part of an employee-intensive service industry, at MindTree too, employee commute, adds significantly to carbon emissions. To reduce CO2 emissions by commute, we are promoting the following initiatives:-

- We encourage our employees to travel by Mass transport.
- To reduce Business Travel, we introduced a Zero Travel Plan meeting which resulted in savings of 180,000 USD.

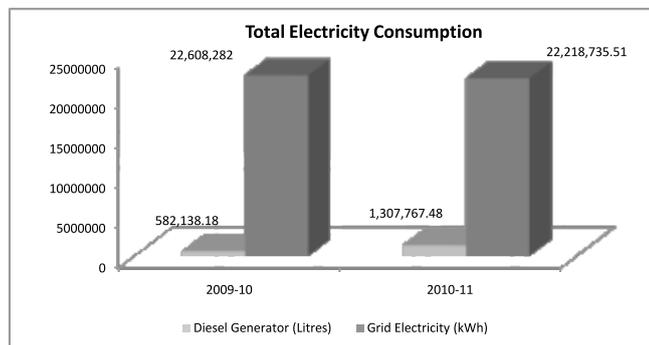


Carbon Emissions Travel

- We have introduced car pooling for employees using their personal vehicles and put in place an innovative car pooling application with preferred parking place for car poolers.
- We are setting up a separate 'biker's parking' place for employees who want to travel to the offices by bicycles as well as building an exclusive shower and change facility for them
- MindTree has introduced special 'Bus days' for employees to travel by the Public Transport.
- Application to track productivity of employees working from home has been introduced.

5.2 Energy conservation

The graph shows our total electricity consumption for all our operations. Being an IT service provider, electricity consumption is high due to nature of our industry having 24x7 operations and data centres. There was a slight increase in our reliance on DG sets due to intermittent power shortages during the year.



Various steps taken to conserve energy utilisation within MindTree are:

Building Design

- Glazing is minimized from NE and SW areas, so that solar rays are minimized.
- The Whitefield facility in Bangalore is under the process of getting LEED certification.

Cooling Requirements

- Shifting from split ACs to water chillers.
- Programming of air conditioners through logic control systems.
- Variable frequency drives (VFD) are sequenced in operation of AHU and secondary pumps.

- Use of Sun Control Films to cut down on the heat transmission into the building, thereby, reducing the load on ACs.

Lighting Requirements

- Usage of Low Power Loss Electronic ballast (5W) in place of Copper ballast (10W).
- Use of a 12 pulse rectifier to keep total harmonic distortion under 5%.
- Usage of compact florescent lamps for lighting.

Computing Requirements

- Installation of LCD monitors (Energy Efficient) in place of normal CRT monitors.
- A desktop energy conservation tool is installed on all desktops to reduce wastage of electricity drain. This has resulted in energy savings of approximately 2,380,430 energy units in a period of 6 months. For the given period, we are seeing a 30-35% reduction in energy costs for desktops, translating to approximately INR 5.7 million.

Good Practices

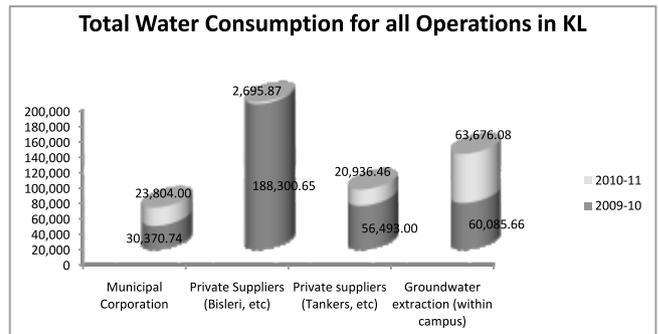
- Transformers with high efficiency maintaining power factor of 0.98 on distribution side are procured from reputed companies.
- XLPE cables with higher current withstanding capability and low losses for UPS.
- Switching off unused equipment after office hours and conducting audits regularly.
- Shifting from HCFCs to HFCs in new buildings.

5.4 Water Conservation

The average consumption of water per MindTree Mind is about 40 litres which is on the higher side.

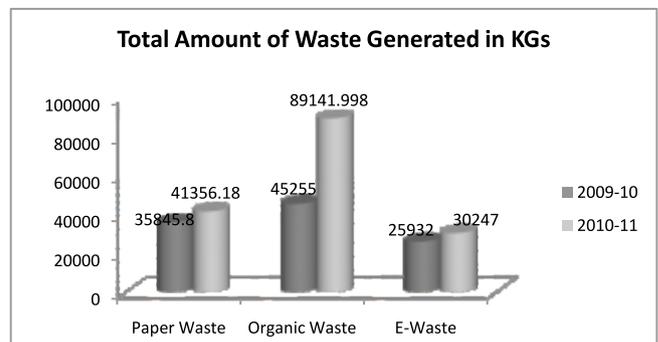
We have optimised the water usage by introducing sensors in the toilets and have installed a Sewage Treatment Plant (STP) to recycle the sewage water.

We are in the process of implementing rain water harvesting by installing appropriate systems and dish washers are installed in the cafeterias to minimize water wastage.



5.5 Waste management

All the waste is collected centrally and segregated into recyclable and non-recyclable and finally disposed by by Brihut Bengaluru Mahanagara Palike (BBMP). Dry waste mainly comprising of paper is recycled by "Samarthanam Trust".



Food Waste is composted with the help of composting pots installed at MTW, Bangalore campus. MindTree's E-Waste is disposed and recycled by E-Parisaraa.

5.6 Paper consumption

We have taken numerous steps to improve efficiency of our printing systems and reduce the paper consumption in your company. These include PIN based printing (secure print) to ensure privacy of sensitive documents printed, generating a monthly cost saving report which gives us the number of jobs that are printed but not collected, print to a single device and pick up the printout anywhere in network, etc. Scanned copies are automatically sent as PDF's to employees e-mail accounts.

6. Social Environment

'Having a conscience', 'Doing what is right by the communities we live in' and 'Being ethical and principled in our dealings with the environment' - All these and more are covered under the term corporate social responsibility (CSR). It is also known as corporate conscience, corporate citizenship, social performance, or doing business in a sustainable and responsible manner.

MindTree Foundation: Striking a social chord in two primary areas of concern

The MindTree Foundation's charter supports three broad initiatives:

- Supporting differently-abled and physically challenged people - with specific focus on Assistive Technologies.
- Improving and enhancing the quality and development of primary education.
- Mindshare - A program that allows MindTree Minds to interact with people outside their normal course of life.

6.1 Making a difference for the differently-abled

Being a Company on the cutting-edge of technology, MindTree appreciates the benefits that technology can deliver to people with disabilities in any form. These assistive technologies are used to support differently-abled people, enabling them to interact easily and more effectively with their environment.

6.2 Using Assistive Technology

Using Assistive Technology for the differently-abled was launched last year (2010) with the Spastics Society of Karnataka (SSK). The Foundation will also work closely with educational institutions such as the IITs, identify promising technologies available in their labs and helping to bring these technologies to the market by leveraging MindTree's engineering capabilities and partner ecosystem. The Manthan Award South Asia for 2010 was won by *MindTree's Affordable, Indigenous Assistive Technologies for Persons with Disabilities*.

6.3 Assistive Technology at work: Two innovative products from MindTree Foundation

These products for the differently-abled are:

- K(C)communication Audio-Visual Interface Device (KAVI) - This product is designed to help people with speech impediments to communicate with others.
- Analog Digital Theremin Interface (ADITI) - This will assist people with musculoskeletal disabilities, who find it difficult to use a keyboard and a mouse, to work on computers.

6.4 Catching them young and getting it right: Enhancing Primary Education

By focusing on primary education, MindTree believes that more can be achieved by building a better foundation for the future. MindTree has been supporting schools for their infrastructure, curriculum development, and employment of additional teaching staff and training of teachers.

6.5 Sikshana

Of the 45,000 schools in Karnataka many of them are unable to ensure minimum reading/writing/scholastic levels. Sikshana is addressing this at a systemic level by augmenting what is already being done by the government, through innovative management, training and resources that are helping to make a visible change in these schools. Sikshana supports around 400 schools. As primary education is one of our main charters, Sikshana reaches out to MindTree. We are happy to join hands with Sikshana and now support 10 schools in and around Kanakapura taluk, catering to a total of 1000+ children at a cost of Rs. 500 per child per year. It is focused on motivation as a tool rather than building infrastructure. The program has achieved significant success as a result and has grown during the last five years to cover 250 schools and over 30,000 children.

6.6 About Somanahalli

MindTree has been working with the citizens of Somanahalli village to improve their accessibility to education. Some of the improvements carried out as part of this initiative are:

- From only two classes being conducted in proper classrooms and the other six under the trees, the school building now houses all the students.
- More teachers have been appointed and their salaries paid.
- Providing toilets for the female students.
- Awareness camp have been conducted to educate people against female foeticide.
- Harnessed the energies and efforts of various groups and formed a youth social welfare organization - VYSWO which is responsible for regular execution of these initiatives.
- Made the village a liquor free zone.
- Set up a tailoring institute to impart training to women, set up computer education in the school and appointed a teacher for this subject.
- Currently, 15 children from the Somanahalli village school are continuing their secondary school education at boarding schools in nearby districts.

Mindshare

Mindshare is an initiative across MindTree's global footprint. The program provides MindTree Minds the opportunity to interact with people who are different from those with whom we normally interact in our daily and working life, for example: differently-abled, senior citizens, destitutes, terminally ill patients, etc. Each location is anchored by a Catalyst and the objective is to share time, attention, and affection with the not so fortunate and make them feel special.

6.8 Technologists of Social Action (TSA) Saturday trip

MindTree's flagship program: This is yet another program which involves the extended families of MindTree Minds. This program has run without a break for years. Over 300+ monthly TSA trips have been conducted since MindTree's inception in 1999, at all locations in India. Bands of volunteers visit the homes for the destitute, old age homes and orphanage run by the Missionaries of Charity spend time and share their love and return enriched.

MindTree will continue its continued and deliberate focus on all aspects of the sustainability spectrum. We understand that achievement of our business objectives and monetary goals must include the varied agendas of multiple stakeholders. This can be done by continuously balancing various inputs and efforts in order to achieve our ambitions.



MindTree Limited

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

Dear Shareholder,

Sub: Green Initiatives

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

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

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

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

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

For **MindTree Limited**

Rajesh Srichand Narang

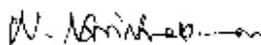
Vice President - Legal & Company Secretary

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

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

- 1) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge, information and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present, in all material respects, a true and fair view of the Company's affairs, the financial condition and results of operations, and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.
- 3) We are responsible for establishing and maintaining disclosure controls, procedures and internal controls for financial reporting of the Company and we have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed or caused to be designed, such internal control systems for financial reporting, so as to provide reasonable assurance regarding the preparation and reliability of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) ;and
 - c) Evaluated the effectiveness of the disclosure controls, procedures and internal control systems of the Company pertaining to financial reporting.
- 4) We have disclosed to the Company's auditors and the audit committee of the board of directors:
 - a) Any change, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the year;
 - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting; and
 - d) All significant changes and deficiencies, if any, in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
- 5) In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
- 6) We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
- 7) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Bangalore
April 21, 2011



Krishnakumar Natarajan
CEO & Managing Director



Rostow Ravanan
Chief Financial Officer

Directors' Report

Dear Shareholder,

Your directors have pleasure in presenting their twelfth report on the business and operations of your Company for the financial year ended March 31, 2011.

Financial Performance		(Rs. in million)	
Particulars	FY 11	FY 10	
Income from software development	15,090	12,332	
Software development expenses	10,144	7,697	
Administrative and other expenses	3,165	2,341	
Operating profit before interest, depreciation, other income and tax	1,781	2,294	
Interest	4	25	
Depreciation and amortization	712	611	
Operating profit before tax and other income	1,065	1,658	
Other income	461	804	
Profit before tax	1,526	2,462	
Provision for taxation	298	349	
Deferred tax charge/ (credit)	(3)	32	
Net profit after tax	1,231	2,081	
Balance in profit and loss account brought forward	3,955	2,220	
Amount available for appropriation	5,186	4,301	
Dividend			
Interim	50	39	
Proposed	50	79	
Total dividend	100	118	
Dividend tax	17	20	
Amount transferred to general reserve	123	208	
Balance in profit and loss account carried forward	4,946	3,955	

Business Performance

After a downturn, the recovery process varies from business to business. The latter half of 2010 had shown a very positive momentum in our overall business environment and this was reflected in our Q-over-Q numbers. Our ITS business has shown strong Q-over-Q volume growth and we are beginning to see a growth trend in product engineering services also. These are good signs for 2011-12.

MindTree is poised to grow significantly in the current year. We are seeing a pickup in the market with discretionary spending increasing and technology customers starting to enhance investments in product development. These positive changes in the market auger well for MindTree and we expect the growth momentum to continue in FY 2011-12 too.

Your Company received good traction for its services and its expertise in chosen segments continues to hold it in good stead. Your Company has also re-aligned its processes, updated services, enhanced technology offerings, restructured the organization, upgraded brand image and continued to deliver superior value to its customers. Your Company today is much more focused and is executing at a much higher efficiency than a year ago. The demand for your Company's services continue to look robust, and the focus on our select verticals continues to resonate with target customers.

Leaving a global footprint is just as important as it is to make a place in the domestic market and hence bagging the Unique Identification Project (UID) from Government of India, amidst stiff competition has given a major boost to your Company's morale and favoured the business objectives.

Your Company's income from software development grew to Rs. 15,090 million for the year ended March 31, 2011, which represents an increase of 22% over the previous year's Rs. 12,332 million. We saw growth across both overseas and domestic markets. Export revenues grew 20% to Rs. 13,742 million whereas, domestic revenues grew 47% to Rs. 1,348 million.

EBITDA margins were at 11.8% as compared to 18.9% in the previous year. The main reasons for the decline in EBITDA margins are due to the investments we made in our products business, rupee appreciation of about 4%, wage revisions effected during the year, increase in subcontractor costs and recruitment expenses.

Our operating profits for the year 2010-11 were at Rs. 1,781 million and our Profit After Tax (PAT) was at Rs. 1,231 million. Our effective tax rate based on current taxes is about 16.5% (after adjusting for the one time dividend tax paid on Aztec US subsidiary dissolution) as compared to about 15.6% in the previous year.

Apart from the reasons explained above, a major reason for the decline in the PAT from FY 2009-10 was that the Company had a Mark To Market (MTM) gain of Rs. 1,113 million in FY 2009-10 which was a one-off item due to the INR appreciation in FY 2009-10. In comparison, the MTM gain was only Rs. 136 million in FY 2010-11.

The demand outlook for IT has improved. After negative growth in last year, the growth in global IT spend is expected to be in the range of 4-6% till 2014. Indian IT industry has also started realizing higher growth rates.

Our IT services business is on a strong footing. Some of the large wins we have announced have set the momentum for FY 2011-12.

Dividend

Your directors have paid an interim dividend of Rs. 1.25 per share (12.5% on par value of Rs. 10) during November, 2010. Shareholders' approval is sought to ratify the payment of interim dividend. Your directors are also pleased to recommend a final dividend of Rs. 1.25 per share (12.5% on par value of Rs. 10) which is payable on obtaining shareholders' approval in the twelfth annual general meeting, making the total dividend for the year 2010-11 to 25%.

The dividend payout amount for the current year inclusive of additional tax on dividend will be Rs. 117 million as compared to Rs. 138 million in the previous year.

Transfer to Reserves

We propose to transfer Rs. 123 million to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975. Your Company also proposes to retain Rs. 4,946 million in the profit and loss account on standalone basis.

Changes to Equity Share Capital

Your Company also issued 520,193 equity shares of Rs. 10 each to various MindTree Minds on exercise of stock options. Consequently, the paid-up equity share capital has increased from Rs. 395,149,940 to Rs. 400,351,870.

Board Committees

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

Infrastructure

During the year, your Company has added 113,990 sq. ft. of built-up capacity. With this, the total built-up capacity of your Company in India stands at 1,580,896 sq. ft. The new capacity was built in an SEZ unit in our Whitefield campus. This new infrastructure includes space for workstations, conference rooms, meeting rooms and labs. In addition, your Company has added world-class communication infrastructure to support our customers. This includes inter-office data links, internet access links, customer specific data links and dedicated data/voice links.

Amalgamation of MindTree Wireless Private Limited (MWPL)

The Company acquired 412,500 equity shares of MindTree Wireless Private Limited (MWPL) [formerly Kyocera Wireless (India) Private Limited] representing 100% of equity share capital of MWPL. Consequently, MWPL became a 100% subsidiary of the Company with effect from October 1, 2009.

The Company filed a Scheme of Amalgamation ("the Scheme") with the Hon'ble High Court of Karnataka for the amalgamation of MWPL with the Company effective April 1, 2010 (the Appointed Date). The Hon'ble High Court of Karnataka approved the aforesaid Scheme vide its Order dated December 10, 2010. As per the terms of the Scheme, MWPL was amalgamated with the Company with effect from April 1, 2010. The Company has accounted for the amalgamation as "Amalgamation in the Nature of Purchase", under AS 14, Accounting for Amalgamations.

Subsidiaries

We have two subsidiaries as on March 31, 2011: MindTree Software (Shenzhen) Co. Ltd. and MindTree Wireless Pte. Ltd., Singapore.

As per Section 212 of the Companies, Act, 1956, companies are required to attach the directors' report, balance sheet & profit & loss account of its subsidiaries. The Ministry of Corporate affairs vide its circular no 2/2001 dated February 8, 2011 has provided an exception, to companies from complying with section 212 provided such companies publish the audited consolidated financial statements in annual report. The annual report for 2010-11 does not contain the financial statements of our subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable will be made available upon request.

The status of various stock option plans as at March 31, 2011 is as below:

Particulars	Number of shares -ESOP 1999	Number of shares -ESOP 2001	Number of shares ESOP 2006(a)	Number of shares 2006(b)	Number of shares DSOP 2006	Number of shares ESOP 2008 (A)	Number of shares ESOP 2010 (A)
In-principle approval received from BSE & NSE	196,381	853,675	366,500	7,049,900	500,000	300,000	1,135,000
Less: No. of shares allotted & listed	(187,416)	(658,200)	(170,262)	(473,658)	(70,000)	(75,149)	0
Balance number of shares	8,965	195,475	196,238	6,576,242	430,000	224,851	1,135,000

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

- granted options, during the year, equal to or exceeding 1% of the issued capital.
- received a grant, during the year, amounting to 5% or more of the options granted during the year.

People

The total number of MindTree Minds as at March 31, 2011 was 9,547 as against 7,657 as at March 31, 2010. During the year, your Company saw an increase in attrition levels towards the end of the financial year and the annual attrition for the year was at 25.1% as against 13.6% in the year before.

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

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

Employee Stock Option Plans

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

The Company currently administers seven stock option programs, viz. ESOP 1999, ESOP 2001, ESOP 2006 (a), ESOP 2006 (b), ESOP 2008 (A), DSOP 2006 and ESOP 2010 (A). In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received from the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the year.

MindTree Limited - Stock Option Plan 2010 (A) - (Program 7) is a new Program and no options have been granted under this Program as on date. The proposed offer of 1,135,000 equity shares of Rs. 10/- each under Program 7 is a new initial offer and no previous offer has been made under this Program 7.

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

- Data & Analytics Solution: Mr. Scott Staples

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

Directors

As per Article 29 of the Articles of Association, the following directors retire by rotation and being eligible, offer themselves for re-appointment.

1. Prof. David. B. Yoffie
2. Mr. Rajesh Subramaniam
3. Mr. N. Vittal

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

Your directors recommend that the resolutions relating to the re-appointment of Prof. David. B. Yoffie, Mr. Rajesh Subramaniam and Mr. N. Vittal as directors of your Company be passed. Mr. Ashok Soota has resigned as the Executive Chairman and member of the board of directors effective from March 31, 2011. Dr. Albert Hieronimus has been appointed as the Non-Executive Chairman effective from April 1, 2011.

Liquidity

Your Company maintains sufficient cash to meet its operations and strategic objectives as at March 31, 2011, your Company had liquid assets of Rs. 1,545 million as against Rs. 1,614 million at the previous year end. These funds have been invested in deposits with banks and in money market mutual funds.

Fitch Rating

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

Awards and Recognitions during FY 2010-11

- Your Company was ranked among Industry leaders in IT Services and Product Engineering and was recognized among world's leading outsourcing providers by Global Services Media and National Association of Software and Service Companies (NASSCOM).
- Your Company was adjudged as overall winner in the 2010 Global MAKE Award and also won the Asian Most Admired Knowledge Enterprise (MAKE) Award by Teleos, in association with The KNOW Network.
- Your Company's Assistive Technologies Program was adjudged as a winner in the *e-inclusion* category at *Manthan Awards South Asia 2010*.
- Your Company was recognized among Top 10 Outsourcing Providers in *Consumer Goods Technology Readers' Choice Survey*.
- Your Company was named as a Leading Mid-Sized Service Provider by *Everest Research Institute*.
- Your Company unveiled the largest portfolio of "Ready-to-Brand" Video Surveillance Solutions at *IFSEC 2010*.

Litigation

No material litigation is outstanding as at March 31, 2011.

Deposits

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

review.

Sustainability Report and Green Initiatives at MindTree

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

Corporate Governance

Your Company has been practicing the principles of good corporate governance. A detailed report on Corporate Governance is given as annexure to this annual report. Certificate of the auditors regarding compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement is also given in this annual report.

Transfer to Investor Education and Protection Fund

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

Auditors

The retiring statutory auditors, M/s B S R & Co. Chartered Accountants, hold office as statutory auditors until the conclusion of the ensuing annual general meeting and they have confirmed their eligibility and willingness to accept office and be appointed as the statutory auditors to hold office until the conclusion of the thirteenth annual general meeting.

Particulars of Employees

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to this report. The Ministry of Corporate Affairs, has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being directors or their relatives, drawing more than Rs. 6 million per financial year or Rs. 500,000 per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

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

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the annexure to this report.

Directors' Responsibility Statement

Directors' responsibility statement pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000 is annexed to this report.

Management Discussion and Analysis Report

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

CSR Efforts

Assistive Technology

- MindTree won the *Manthan South Asia 2010 Award* under *e-inclusion* category for its work in developing affordable indigenous assistive technologies for persons with disabilities.
- MindTree has spent approximately 700 person days of engineering effort in the development of Assistive Technologies in the past year.
- MindTree has spent approximately INR 1 Million in the past year for purchase of goods and services towards development of Assistive Technologies.

Advocacy towards employment and inclusion of persons with

disabilities

- MindTree conducted a formal Accessibility Audit for the three phases, MTW - P1, P2 & P3 through an external accessibility auditor.
- MindTree Foundation was part of the organizing team at three national level conferences on persons with disabilities, covering the areas of employment and assistive technologies, with Spastics Society of Karnataka, NASSCOM and with Govt. of Karnataka.
- MindTree has actively participated and represented the cause of persons with disabilities in various forums such as NASSCOM - Diversity & Inclusivity committee, NASSCOM Foundation - Disability Advisory Group, CII - Karnataka - Disability Forum.

Outreach

- Disbursed INR 3 million for SPARSH VACHANA, Bangalore to support the orthopedic and plastic corrective surgeries conducted by Sparsh Hospital for children from disadvantaged backgrounds.
- Disbursed INR 1 million to SAMARTHANAM Trust for the disabled for the construction of their new facility in HSR Layout, Bangalore.
- Disbursed INR 0.5 million for Sikhana Foundation, to support their efforts in improving education in rural primary schools.
- Disbursed INR 0.2 million to support the Theater Appreciation program for schools across Karnataka.
- Disbursed INR 0.4 million to Ashoka Innovators to support their program for Social Entrepreneurs.
- Disbursed 0.5 million through the Dream to Reality Program. This is enabling 15 rural children realize their dreams of higher education by taking care of the school, hostel and other expenses every year.
- Refurbished and donated close to 600 used Computer Systems for use in schools catering to underprivileged and rural population.
- Donated dresses for children and elderly during the year - Chennai (73 - 27 boys, 43 girls, 3 elderly), Pune (295 - 25 children and 270 elderly), Bangalore (257 - 69 children, 188 elderly), Hyderabad (156 - 3 boys, 42 men, 111 women).
- During this year, the Foundation organized to deliver bakery items from Spastics Society of Karnataka to the Sishu Bhavan Orphanage run by Missionaries of Charity. This not only ensures that Sishu Bhavan's daily needs are met, but also helps SSK to keep their bakery running.
- Sponsored a seminar on use of Assistive Technologies for children with autism in Spastics Society of Karnataka, Bangalore.

Volunteerism

- Our volunteer team in Bangalore executed Life Skills Programs to 1000 children from socially disadvantaged backgrounds in two schools.
- Our volunteer team in Chennai has helped in conducting free Cataract surgeries for 5 elderly ladies in 'Kakkum Karangal' during the year.
- Our volunteer team in Pune celebrated Holi, sponsored breakfast and played a cricket match with the children in Wagoli Ashram in Pune.
- Our volunteer team in New Jersey participated in the Jersey Cares program and helped in renovating a local school building.

Enabling higher levels of inclusion and engagement within MindTree

- Lifeline, intranet portal for Blood Donation was relaunched with improved features. 639 Minds have registered as Donors on the site. Till now, 44 requests have been raised in the system for

emergency blood requests.

- Released a comprehensive policy for persons with disabilities in MindTree in December 2010.
- Number of Minds registered as differently abled is 42. This is approximately 0.5% of the total Minds.
- Launched the updated www.MindTreeFoundation.org website with many accessibility features which make it easier for people with disabilities to access its content.
- Created the Good Samaritan role to handle employee emergencies, especially accidents and other loss of life incidents, as a single point contact.
- MindTree's document digitization is done by Vindya Infotech. 100% of their staff are persons with disabilities.
- We have formalized the policy of giving company provided Motorized Wheel Chairs for all mobility impaired Minds while in MindTree premises. We have also formalized the provision of other accommodations like screen reading software, etc.

Acknowledgements

The board of directors thank the Company's customers, shareholders, investors, vendors, and bankers for their support to the Company during the year. Your directors would like to make a special mention of the support extended by the various Departments of Central and State Government, particularly the Software Technology Parks, the tax authorities, the Ministry of Commerce, the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India and others and look forward to their support in all future endeavors.

Your directors appreciate and value the contributions made by MindTree Minds at all levels.

Bangalore
April 21, 2011

For and on behalf of the board of directors

Dr. Albert Hieronimus Krishnakumar Natarajan
Non-Executive Chairman CEO & Managing Director

Annexures to the Directors' Report

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

- I. The financial statements have been prepared in conformity with the applicable accounting standards issued by the Institute of Chartered Accountants of India and requirements of the Companies Act, 1956, (the Act) to the extent applicable to us; on the historical cost convention; as a going concern and on the accrual basis had been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- II. The board of directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- III. The board of directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- IV. The board of directors have prepared the annual accounts on a going concern basis.
- V. The financial statements have been audited by M/s B S R & Co., Chartered Accountants, the statutory auditors.
- VI. The audit committee meets periodically with the internal auditors and the statutory auditors to review the manner in which the auditors are discharging their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

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

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

Report on Energy Conservation at MindTree

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

MindTree's Environmental Mission Statement

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

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

Energy Efficiency Practices at MindTree

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

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

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

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

Other Energy Conservation Initiatives

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

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

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

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

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

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

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

Food Waste

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

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

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

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

Conclusion

In keeping with MindTree's commitment to create an environment which is sustainable and to conserve energy, our goal is to achieve a carbon neutral profile across the organization.

Our strategy to adopt the best practices, latest technologies and high levels of efficiency in our operations will help us build an environment where energy is conserved and carbon emissions are significantly reduced.

C. Technology and Innovation

As you would appreciate, technology is witnessing rapid change. Since our customers expect us to lead them through such change, we proactively & continuously invest in developing technology building blocks and solution frameworks which add value to our customers' business. MindTree uses a multi-pronged strategy for developing

technology assets and to promote innovation. These technology initiatives are driven by each business unit based on the trends they see in their respective markets. These efforts help us in two ways: (i) gain our customers' trust & confidence; and (ii) attract & retain key talent who see MindTree as a more exciting place to work in.

Research and Development

Your Company has a dedicated business unit for Research & Development which delivers innovative solutions to clients and also fosters R&D within all business units to create intellectual property in the form of re-usable components, frameworks, etc., which help drive greater productivity. Accordingly, identifiable revenue expenditure incurred for FY 2010-11 as R&D expenditure is Rs. 81,440,825.

- **Digital Video Surveillance:** We began development of technology in Video Surveillance area to address growing demand and technology advancements in this space. We are building critical intellectual properties in Video Analytics and Video Content Management.
- **Bluetooth RF:** To fill the gap in our portfolio of Bluetooth IP, we began a program on development of Bluetooth Radio.

This is a very specialized technology area and very few organizations in the world have in-house capability.

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

Services investments in solutions and technologies

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

- A number of retail outlets struggle with providing timely information and data to their store associates and managers. The Store Portal Solution built on Microsoft SharePoint platform offers multiple customized features to help the store manager seamlessly manage store operations. In addition it allows store associates the ability to complete online assignments, view tasks assigned by their managers and complete short learning courses.
- One of the key contemporary challenges in media industry is the fragmentation and proliferation of mainstream media which has made the end-to-end processes quite challenging. The Media Planning and Collaboration platform (MPCP) built on the TIBCO suite of products provides a robust collaborative platform that can be implemented with minimum customization. MPCP enables all stakeholders such as advertisers, planning agency, creative agency, broadcasters and monitoring agencies involved in the media planning process and execution to have an integrated view and control of the overall campaign management process.
- With companies trying to increase their market share and capture shelf space in diverse markets, it is becoming imperative to focus on trade promotion process so as to effectively manage promotion spend across products, market and time horizons, and ensure higher ROI. MindTree has developed a Trade Promotions Management (TPM) solution that will enable companies to go through the promotion planning, budgeting, execution and tracking processes and jump start their TPM initiative.

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

- A learning management solution developed on the Azure Platform. This solution is offered to our clients via the Software as a Service model. The solution provides blended learning of classroom and e-learning methodologies enabling single view, tracking and planning.
- A set of reusable templates and frameworks developed by MindTree which brought significant cost savings and productivity improvements to a client with over global 1,500 websites. These templates were used to create new and updated sites. Different types of template address a variety of site objectives such as customer engagement, community development and pressroom. They assure compliance with security, accessibility and legal requirements, collect user data and accelerate the development process. And, the templates offer reduction in costs and time to market between 20% and 40% on average.
- A knowledge management solution that enables document management, workflow and social media enablers like blogging, communities, discussion forums, etc.
- An idea management solution that enables different individuals in an organization to submit, view and rate ideas as well as mentors to evaluate and nurture ideas leading to an innovative culture within an organization.
- A contract pricing framework (CPF) built on top of Websphere Commerce Server enabling complex pricing and contracting scenarios not covered natively by Websphere.
- An Azure migration factory that aids organizations that are thinking of adopting or migrating applications to the Azure platform.
- A testing on the cloud framework that leverages cloud technologies to generate various loads which are used to test various performance characteristics of an application.
- A multi-tenant enabled On-Demand online shopping solution for the SMB market based on OFBiz. The solution works with an in-premise or cloud deployment model.
- A cloud migration and assessment toolkit that enables organizations to assess their readiness in adopting the cloud model.
- A Corporate Performance Management solution leveraging MindTree's deep expertise in the Data and Analytics space
- A SAP Retail IS Lab that demonstrates MindTree's expertise in the SAP Retail space.

Patents

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

Sl No	Title	Country of Filing	Year
1	Method for Step Size control technique in echo signal cancellation	US	2004
2	High Speed FFT architecture for an OFDM Processor	US	2006
3	Method for data handling by file-system offloading	US	2006
4	Power Management based on dynamic frequency scaling	US	2006
5	Method and system for generating an analytical report including a contextual knowledge panel	US	2006
6	Method For Discovering IEEE 802.11 Access Points By a Central Controller	US	2006
7	Selecting Channels In Centrally-Managed Wireless Networks Based On Receive Signal Strength Indicator (RSSI) And Received Transmit Errors	US	2006
8	Procedure for headset and device authentication	India, US	2007
9	Method and apparatus for multi terminal support using Bluetooth based audio gateway	India, US	2007
10	Method and apparatus for bit interleaving and de interleaving in wireless communication systems	India, US	2007
11	Outband Broadband Connectivity	US	2007
12	Image Alignment Using Translation Invariant Feature Matching	India, US	2009
13	Mitten Switch	India	2010
14	Detecting Objects Of Interest In Still Images	India, US	2010
15	Automatic Cardiac Functional Assessment System Using Ultrasonic Cardiac Images	India, US	2010
16	Center-tapped Inductor Balun	India, US	2010
17	Integrated Radio Frequency Front-end Circuit	India, US	2010
18	Capturing Events Of Interest By Spatio-temporal Video Analysis	India, US	2010
19	Securing a virtual environment and virtual machines	India, US	2010

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

Particulars	Rs. in million	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Income from software development	14,100	11,558
Interest income	1	-
Other income	9	17
Total	14,110	11,575

For other Inflows and Outflows: Please Refer Notes 11 & 12 of Schedule 15 - Significant accounting policies and notes to accounts.

Benefits of the research and development initiative of your Company

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

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

Rs. in million

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

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

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

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

F. Employee Stock Option Plans

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

Program 1 [ESOP 1999]

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

Outstanding options as at April 1, 2010	14,888
Granted during the year	-
Exercised during the year	10,800
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	4,088
Options vested and exercisable as at March 31, 2011	4,088

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2010	183,877
Granted during the year	-
Exercised during the year	54,473
Lapsed during the year	2,641
Forfeited during the year	-
Outstanding options as at March 31, 2011	126,763
Options vested and exercisable as at March 31, 2011	126,763

Program 3 [ESOP 2006 (a)]

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

Outstanding options as at April 1, 2010	195,916
Granted during the year	-
Exercised during the year	94,893
Lapsed during the year	7,295
Forfeited during the year	10,180
Outstanding options as at March 31, 2011	83,548
Options vested and exercisable as at March 31, 2011	83,408

Program 4 [ESOP 2006 (b)]

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

Outstanding options as at April 1, 2010	2,658,934
Granted during the year	183,500
Exercised during the year	296,095
Lapsed during the year	39,393
Forfeited during the year	198,000
Outstanding options as at March 31, 2011	2,308,946
Options vested and exercisable as at March 31, 2011	1,459,494

Program 5 [ESOP 2008 (A)]

Options under this program are granted to employees of erstwhile Aztecsoft Limited as per swap ratio of 2:11 as specified in the merger scheme.

Outstanding options as at April 1, 2010	233,472
Granted during the year	-
Exercised during the year	16,411
Lapsed during the year	49,797
Forfeited during the year	17,046
Outstanding options as at March 31, 2011	150,218
Options vested and exercisable as at March 31, 2011	135,868

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

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

Outstanding options as at April 1, 2010	97,521
Granted during the year	115,000
Exercised during the year	47,521
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	165,000
Options vested and exercisable as at March 31, 2011	33,333

Program 7 [(ESOP 2010 (A))]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received from the BSE and NSE during the year for 1,135,000 equity shares of Rs.10/-. No options have been granted under the program as at March 31, 2011.

Outstanding options as at July 20, 2010	Nil
Granted during the year	-
Exercised during the year	-
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	Nil
Options vested and exercisable as at March 31, 2011	-

The weighted average exercise price of options exercised during the year ended March 31, 2011 is Rs. 10 under program 1, Rs. 50 under program 2, Rs. 250 under program 3, Rs. 357.18 under program 4, Rs. 394.65 under program 5 and Rs. 483.80 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2011 was Rs. 267.84. The options outstanding at March 31, 2011 had a weighted average exercise price of Rs. 349.15 and a weighted average remaining contractual life of 2.12 years.

The Company has recorded compensation cost for all grants using the Intrinsic Value-Based Method of accounting, in line with prescribed SEBI guidelines.

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

Rs. in million except EPS data

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net profit as reported	1,231	2,081
Add: Stock-based employee compensation expense (intrinsic value method)	-	5
Less: Stock-based employee compensation expense (fair value method)	67	96
Pro forma net profit	1,164	1,990
Basic earnings per share as reported	30.93	53.04
Pro forma basic earnings per share	29.25	50.73
Diluted earnings per share as reported	30.10	51.13
Pro forma diluted earnings per share	28.46	48.90

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2011, estimated on the date of grant was Rs. 373.73 using the Black-Scholes Model with the following assumptions:

Grant date share price	Rs. 511 - Rs. 560
Exercise price	Rs. 511 - Rs. 560
Dividend yield%	0.18% - 0.20%
Expected life	3-5 years
Risk free interest rate	7.23% - 7.81%
Volatility	91.66% - 92.98%

G. Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors report for the year ended March 31, 2011

Sl. No.	Name	Designation	Qualification	Age (Years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (Rs.)
1	Mr. Anjan Lahiri	President	MBA	45	Cambridge Technology	Director	5-Aug-99	6,400,192
2	Mr. Ashok Soota	Executive Chairman	MBA	68	Wipro	Vice Chairman	9-Aug-99	8,684,975
3	Mr. Gaurav Johri	Vice President	PGDM	40	Onmobile Asia Pacific	SBU Head-Corporate and M-Commerce	25-Feb-08	6,698,874
4	Mr. Gopalarishnan Palakkil	Senior Vice President	MBA	50	Wipro	Vice President	5-Nov-08	7,170,534
5	Mr. Parthasarathy N S	President	M.Tech	50	Wipro	General Manager	14-Aug-99	6,262,748
6	Mr. Ram Mohan C	Senior Vice President	BE	48	Vinciti IQ	EVP- Operations	19-Jan-06	9,968,271
7	Mr. Ramesh Rajasekar Dorairaj	Vice President	BE	44	Infosys	Delivery Manager	1-Mar-06	6,918,273

Part of the year

8	Mr. Amar Karvir	Vice President	MBA	39	Monitor Group	Head of Mumbai Development Centre	1-Feb-07	3,766,270
9	Mr. Ashwani Kathuria	Vice President	PGDM	48	VMoksha	Vice President	10-Apr-06	4,985,311
10	Mr. Manoj Chandran	Senior Director - Marketing	M.Sc	42	CIOL	Head Content	3-Feb-03	1,444,972
11	Mr. Mukesh Mathad	Technical Director	BE	36	Tektronics	Technical Leader	3-Jul-00	1,919,366
12	Mr. Padmanabhan SN	Senior Vice President	M. Tech	49	Wipro	Technical Manager	17-Apr-00	1,205,420
13	Mr. Ravindra Devendrappa Noubade	General Manager	BE	41	Samsung India Software	Chief Engineer	6-Sep-04	5,395,085
14	Mr. Seshagiri Kavuri	Principal Consultant	MCA	33	Siemens	Sr. Software Engineer	30-Jul-03	1,813,654
15	Mr. Samartha Raghava Nagabhushanam	President	BE	38	Sasken	Sr. Program Manager and Head Advance Technology Group	1-Aug-03	11,497,955
16	Mr. Sridhar Venkata Pulikonda	Director	M. Tech	39	Polaris Networks	USA Lead S/W Engineer	1-Aug-03	4,370,475
17	Mr. Venkatesan Varadarajan	Vice President	M. Tech	53	TekEssence	Vice President	2-Nov-06	5,538,307
18	Mr. Vikram Amaranath	Vice President	PGDM	54	TCS	Principal Consultant	12-Apr-06	1,733,589

Notes

1. Remuneration above is on cost to company basis, i.e. basic salary, all perks and allowances, incentives and employer's contribution to provident fund.
2. None of the employees is related to any director of the Company.
3. The terms of employment of the above-referred employees/directors are contractual and they perform such duties as prescribed there under.
4. None of the above-referred employees holds shares exceeding 1% as on March 31, 2011 except for Mr. Ashok Soota and Mr. Parthasarathy N.S.
5. Mr. Ashok Soota has resigned w.e.f. March 31, 2011.

For and on behalf of the
board of directors

Bangalore
April 21, 2011

Dr. Albert Hieronimus
Non-Executive Chairman

Krishnakumar Natarajan
CEO & Managing Director

Auditors' Certificate on Corporate Governance

To the Members of MindTree Limited,

We have examined the compliance of conditions of corporate governance by MindTree Limited ('the Company'), for the year ended on March 31, 2011, as stipulated in Clause 49 of the listing agreement of the Company with the stock exchanges.

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

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

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

For B S R & Co.

Chartered Accountants

Firm Registration No. 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

April 21, 2011

Corporate Governance Report

Company's Philosophy

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

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

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

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

Following are the salient features of our Corporate Governance philosophy:

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

The 3-Tier Corporate Governance Structure at MindTree

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

First Tier: Governance to Shareholders

Forthcoming Twelfth Annual General Meeting ('AGM')

The Twelfth Annual General Meeting for the year 2010-11 is scheduled on July 21, 2011 at 10.30 a.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001.

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 reach us on or before 10.30 a.m. on July 19, 2011.

Annual general meetings of earlier years

For the year 2007-08, we held our 9th AGM on June 30, 2008 at 10.00 a.m. at, Shivaratheswara Centre, JSS Educational Complex, 1st Main, 8th Block, Jayanagar, Bangalore 560 082 and a special

resolution was passed for approval for making variation in the utilization of IPO proceeds as allocated in the prospectus of the Company.

For the year 2008-09, we held our 10th AGM on July 3, 2009 at 10.00 a.m. at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025, and a special resolution was passed for approval of payment of remuneration to independent and non-executive directors of the Company.

For the year 2009-10, we held our 11th AGM on July 20, 2010 at 10.00 a.m. at Woodlands Hotel Pvt. Ltd, No. 5, Rajaram Mohan Roy Road, Bangalore 560 025. The following special resolutions were passed:

- (i) Approval for Appointment of Statutory Auditors; and
- (ii) Approval for Creation of "MindTree Limited - Employee Stock Option 2010 (A)" - (Program 7) and further issue of equity shares thereunder.

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

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

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

No EGM was conducted for the year 2009-10.

For the year 2010-11 we held our EGM on April 20, 2010 at 10.30 a.m. at the registered office of the Company situated at Global Village, RVCE Post, Mysore Road, Bangalore 560 059 to approve further issue of equity shares.

No Postal ballot was conducted during the financial year ending March 31, 2011.

Financial year 2011-12

Our tentative calendar for declaration of results for the financial year 2011-12 is given as below:

Financial Results	Tentative dates of release
For the quarter ending June 30, 2011	July 20, 2011
For the quarter ending September 30, 2011	October 17, 2011
For the quarter ending December 31, 2011	January 18, 2012
For the year ending March 31, 2012	April 17, 2012
13 th Annual General Meeting	July 20, 2012

Dividend for the year 2010-11

Your BOD had declared an interim dividend of Rs. 1.25 per share on the equity shares of Rs. 10 each (par value) on October 19, 2010 and was paid to the shareholders who were on the register of members of the Company as on the record date at the closing hours of November 2, 2010. Your BOD has also recommended a final dividend of Rs.1.25 per share on the equity shares of Rs.10 each (par value) for the year ended March 31, 2011. Dividend, if approved at the 12th annual general meeting will be paid to the shareholders on or before August 5, 2011.

Recognition and Awards

During the year, your Company was recognized among the world's leading outsourcing providers by Global Services Media and National Association of Software and Service Companies (NASSCOM) and was ranked among Industry leaders in IT Services and Product Engineering.

MindTree's Assistive Technologies Program was adjudged as a winner in the e-inclusion category at Manthan Awards South Asia 2010. Your Company was also recognized among Top 10 Outsourcing Providers in Consumer Goods Technology Readers' Choice Survey.

MindTree was honoured with the Asian Most Admired Knowledge Enterprise (MAKE) Award for the 3rd year in a row and was adjudged as overall winner in the 2010 Global MAKE Award for creating a corporate knowledge-driven culture. During the year, your Company was also named as a Leading Mid-Sized Service Provider by Everest Research Institute.

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

Means of Communication

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

Corporate Identity Number ('CIN')

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

Dematerialization of Shares

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As of March 31, 2011, 96.98% 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 investors' complaints. The process and approval of share transfer has been delegated to the company secretary. The company secretary approves the share transfers and reports the same to the board of directors at their quarterly meetings.

Distribution of Shareholding

Range of equity shares held	As at March 31, 2011				As at March 31, 2010			
	No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
Upto 500	61,469	97.98	2,235,511	5.58%	65,898	97.95%	2,322,361	5.88%
501 - 1,000	541	0.86	392,716	0.98%	592	0.88%	440,862	1.11%
1,001 - 2,000	320	0.51	450,462	1.13%	330	0.49%	468,443	1.19%
2,001 - 3,000	105	0.17	265,887	0.66%	122	0.18%	307,775	0.78%
3,001 - 4,000	54	0.09	187,638	0.47%	58	0.09%	200,398	0.51%
4,001 - 5,000	45	0.07	201,952	0.50%	46	0.07%	210,275	0.53%
5,001 - 10,000	84	0.13	579,262	1.45%	73	0.11%	524,000	1.32%
10,001 and above	120	0.19	35,721,759	89.23%	154	0.23%	35,040,880	88.68%
Total	62,738	100%	40,035,187	100%	67,273	100%	39,514,994	100%

For shares transferred in electronic form, after confirmation of sale / purchase transaction from the broker, shareholders should approach their respective depository participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to either the Company or share transfer agent. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc., shareholders should communicate with Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Limited), our share transfer agent (STA).

Address for correspondence with the STA

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

Address for correspondence with the Company

MindTree Limited,
Rajesh Srichand Narang
Compliance Officer

Registered Office

Global Village, RVCE Post, Mysore Road, Bangalore 560 059, Karnataka, India.
Tel: +91 80 6706 4868 or 6706 4000 Extn: 64868
Fax: +91 80 6706 4100
E-mail: investors@mindtree.com
Website: www.mindtree.com

Listing on Stock Exchanges

Your Company's equity shares are listed on the following stock exchanges as at March 31, 2011:

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 2010-11 has been paid both for NSE and BSE.

ISIN Number: INE018I01017

Shareholding pattern

Category	Category of the shareholder	Number of shareholders	Total number of shares	Number of shares held in demat form	% holding of total shares
(A)	Promoter and Promoter Group Holding				
1	Indian Promoters				
	Individuals/ Hindu Undivided Family	11	11,126,331	10,919,048	27.79
2	Foreign Promoters				
	Bodies Corporate	1	1,660,663	1,660,663	4.15
	Total Promoter and Promoter Group Holding	12	12,786,994	12,579,711	31.94
(B)	Public Shareholding				
1	Institutional Investors				
(a)	Mutual Funds/ UTI	20	1,262,556	1,262,556	3.15
(b)	Financial Institutions/ Banks	8	912,126	912,126	2.28
(c)	Foreign Institutional Investors	31	8,113,951	8,113,951	20.27
	Sub-total (B 1)	59	10,288,633	10,288,633	25.70
2	Non-institutions				
(a)	Bodies Corporate	638	6,905,956	6,905,956	17.25
(b)	Individuals				
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	61,000	3,747,309	3,601,117	9.36
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	44	1,134,973	1,121,748	2.83
(c)	Clearing members	205	151,792	151,792	0.38
(d)	Foreign Nationals	10	207,065	205,165	0.52
(e)	NRIs (Repatriate)	583	251,595	177,591	0.63
(f)	NRIs (Non-Repatriate)	173	110,122	110,122	0.28
(g)	Foreign Companies	3	4,411,627	3,649,088	11.02
(h)	Directors/Relatives	1	10,000	10,000	0.02
(i)	Trusts	10	29,121	24,121	0.07
	Sub-total (B 2)	62,667	16,959,560	15,956,700	42.36
	Total Public Shareholding				
	(B) = (B 1) + (B 2)	62,726	27,248,193	26,245,333	68.06
	Total = (A)+(B)	62,738	40,035,187	38,825,044	100.00

Second Tier: Governance by the BOD

Composition:

The Company has a balanced mix of Executive and Non-Executive directors. As at March 31, 2011, the Board consisted of eight Non-Executive members and three Executive members. Of the eight Non-Executive Directors, six are Independent Directors. The Chairman of the Board for the financial year 2010-11 was Mr. Ashok Soota, who has resigned from the Company and ceases to be a director with effect from March 31, 2011. Dr. Albert Hieronimus, who has been associated with MindTree as an independent director in the Board from 2006 has been appointed as the new Non-Executive Chairman w.e.f April 1, 2011 vide a circular resolution.

Directorship held as on March 31, 2011 in companies other than MindTree

Name of the Directors	Position	Relationship with other Directors	Age (in years)	Directorship in other Indian public companies	Position on Committees of Board of other Indian companies	
					As chairman	As member
Mr. Ashok Soota*	Founder and Executive Chairman	None	68	-	-	-
Mr. Krishnakumar Natarajan	Founder and CEO & Managing Director	None	54	-	-	-
Mr. Subroto Bagchi	Founder and Executive Director	None	54	-	-	-
Mr. S. Janakiraman	Founder and Executive Director	None	54	-	-	-
Mr. V.G. Siddhartha	Non-Executive Director, Nominee Director for Global Technology Ventures Limited, an equity investor in the Company.	None	51	3	-	2
Dr. Albert Hieronimus**	Non-Executive Director and Independent Director	None	64	1	-	-
Mr. George. M. Scalise	Non-Executive Director and Independent Director	None	77	-	-	-
Mr. Mark. A. Runacres	Non-Executive Director and Independent Director	None	51	-	-	-
Mr. N. Vittal	Non-Executive Director and Independent Director	None	73	1	-	-
Mr. R. Srinivasan	Non-Executive Director and Independent Director	None	69	11	3	5
Prof. David. B.Yoffie	Non-Executive Director and Independent Director	None	56	-	-	-
Mr. Rajesh Subramaniam	Non Executive Director, Nominee Director for Walden Software Investments Limited, an equity investor in the Company.	None	39	1	-	1

* Resigned w.e.f March 31, 2011.

** Appointed as Non-Executive Chairman w.e.f April 1, 2011.

Board Meetings

The calendar of BOD meetings is decided in consultation with the BOD and the schedule of meetings is communicated to all directors in advance to enable them to schedule their effective participation during our Board meetings. Your Board met six times in the financial year 2010-11 on April 28, 2010, July 19, 2010, October 19, 2010, November 22, 2010, January 18, 2011 and January 31, 2011.

The attendance of directors at the Board meetings and last AGM held on July 20, 2010:

Name of the Directors	Attendance at board meetings/Total meetings after appointment as Director	Whether attended last AGM (Yes/No)
Mr. Ashok Soota	6/6	Yes
Mr. Subroto Bagchi	6/6	Yes
Mr. V. G. Siddhartha	5/6	No
Mr. Krishnakumar Natarajan	6/6	Yes
Dr. Albert Hieronimus	6/6	Yes
Mr. George. M. Scalise	5/6	No
Mr. Mark. A. Runacres	6/6	Yes
Mr. N. Vittal	6/6	Yes
Mr. R. Srinivasan	6/6	No
Mr. S. Janakiraman	6/6	Yes
Prof. David. B. Yoffie	4/6	No
Mr. Rajesh Subramaniam	6/6	No

Directors' shareholding in the Company as on March 31, 2011

Name of Directors	No. of shares held
Mr. Ashok Soota	4,443,331
Mr. Subroto Bagchi	2,075,906
Mr. V.G. Siddhartha	-
Mr. Krishnakumar Natarajan	1,982,578
Dr. Albert Hieronimus	10,000
Mr. George. M. Scalise	30,000
Mr. Mark. A. Runacres	2,974
Mr. N. Vittal	-
Mr. R. Srinivasan	10,000
Mr. S. Janakiraman	1,011,862
Prof. David. B. Yoffie	-
Mr. Rajesh Subramaniam	-

Directors retiring by rotation

Prof. David. B. Yoffie, Mr. Rajesh Subramaniam and Mr. N. Vittal will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing AGM. Their brief resume is attached to the notice of 12th AGM. The BOD has recommended their re-appointment and seeks shareholders approval.

Disclosure of related party transactions

During the year 2010-11, no materially significant related party transactions have been entered into by the Company with the directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of all related party transactions are disclosed in the notes to the accounts.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India ('SEBI') or any statutory authority, on any matter related to capital markets, during the period from April 1, 2010 to March 31, 2011

The Company had complied with all requirements prescribed by SEBI and other statutory authorities on all matters relating to capital markets from the period April 1, 2010 to March 31, 2011.

Whistle Blower

The Company has adopted a whistle blower policy and has established the necessary mechanism in line with clause 49 of the listing agreement with the stock exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the audit committee.

Compliance with mandatory and non-mandatory requirements under clause 49 of the listing agreement

The Company has disclosed all the mandatory requirements under clause 49 of the listing agreement.

Among the non-mandatory requirements of clause 49 of the listing agreement, the Company has set up a compensation committee and has a whistle blower policy in place.

Board disclosures – Risk management

The Company has formulated a legal compliance and risk management framework which lays down procedures for legal compliance, risk identification and mitigation. The Company has laid down systems to inform Board members about the risk assessment and minimization procedures. The risks and Company's mitigation strategies are more fully described in the risk management section and these procedures are periodically reviewed by board of directors to ensure effective controls.

Information provided to the board of directors

- Annual operating plans and budgets including capital budgets and any updates thereof;
- Quarterly results for the Company and its business segments;
- Minutes of the meetings of audit committee and other committees of the BOD;
- The information on recruitment and remuneration of senior officers just below the BOD level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution notices and penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement and any acquisitions;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Significant development on human resources front;
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and

performance based variable pay. Individual performance pay is determined by business performance of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives (variable component) to its Chairman, Managing Director and other Executive Directors. Annual increments are decided by the compensation committee within the salary scale approved by the Board members.

Criteria for making payment to non - executive directors

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

Period of Contract, Notice Period and Severance Pay of Directors

Chairman, Managing Director and the Executive Directors

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

Nominee Directors

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

Independent Directors

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

Stock Options to independent directors

The following table shows the details of stock options granted to independent directors outstanding as at March 31, 2011. The contractual life of each option is 4 years after the date of the grant.

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

All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable at the time of vesting.

Details of shareholdings by investors who have nominees on our Board as on March 31, 2011 are given below:

Name of the Shareholder	No. of shares held	% to share capital of the Co.
Walden Software Investments Limited	3,964,205	9.90%
Global Technology Ventures Limited	2,448,561	6.12%

Details of Remuneration paid to all Directors during the year 2010-2011:

Name	Fixed Salary (Incl Perks)	Bonus	Sitting Fees	Commission	Total Compensation
Mr. Ashok Soota	7,500,678	1,184,297	-	-	8,684,975
Mr. Subroto Bagchi	4,573,235	798,398	-	-	5,371,633
Mr. Krishnakumar Natarajan	4,953,520	897,599	-	-	5,851,119
Mr. S. Janakiraman	4,418,322	976,404	-	-	5,394,726
Dr. Albert Hieronimus	-	-	50,000	2,960,663	3,010,663
Mr. George M. Scalise	-	-	50,000	2,263,250	2,313,250
Prof. David. B. Yoffie	-	-	40,000	2,263,250	2,303,250
Mr. Mark. A. Runacres	-	-	50,000	1,775,127	1,825,127
Mr. R. Srinivasan	-	-	50,000	1,486,657	1,536,657
Mr. N. Vittal	-	-	50,000	1,861,450	1,911,450
Mr. Rajesh Subramaniam	-	-	-	1,000,000	1,000,000

Secretarial Audit

The Company also appointed Gopichand Rohra Associates Pvt. Ltd, to conduct the Secretarial Audit of records and documents of the Company. The Secretarial Audit Report confirms that the Company is in compliance with all the applicable provisions of the Companies Act, 1956, Listing Agreements with the Stock Exchanges, Depositories Act, 1996 and all the guidelines and regulations of the Securities and Exchange Board of India (SEBI). The 'Reconciliation of Share Capital Audit' was also undertaken on a quarterly basis and the

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

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

Board Committees

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

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

Audit committee

The audit committee reports to the BOD and is primarily responsible for:

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

Audit committee meeting and attendance

The audit committee has met four times during the year on April 28, 2010, July 19, 2010, October 19, 2010 and January 18, 2011.

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

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

Investor grievances committee

The investor grievances committee is responsible for:

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

The investor grievances committee consists of the following directors:

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

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

The investor grievances committee met twice during the year on October 19, 2010 and April 20, 2011.

Details of complaints received and resolved for the year ended March 31, 2011 are as below:

Nature of complaints	Opening as at April 1, 2010	Received during the year	Resolved during the year	Outstanding as at March 31, 2011
Non receipt of refund orders and/or non credit of shares in dematerialised account, etc.	-	36	36	-

Unclaimed Shares

Stock Exchanges have amended clause 5A of the listing agreement which requires every listed Company to identify shares issued by it in physical form to its shareholders lying unclaimed and send reminders before transferring the said shares to a suspense account with a DP.

Accordingly your Company has identified the physical share certificates issued by it to Aztecsoft Limited shareholders which are lying unclaimed and sent a reminder to concerned shareholders requesting them to write to the Company or STA to claim their shares with adequate documentation. Subsequent reminders will be sent in due course in compliance with the said clause.

Compensation committee

The compensation committee is responsible to:

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

- Review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or director's compensation.

The compensation committee comprises of the following directors:

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

Mr. Babuji Abraham, Senior Vice President and Head- People Function is the Secretary to the Compensation Committee.

The Compensation committee met twice during the year on July 19, 2010 and August 26, 2010.

Administrative Committee

The Board has constituted an administrative committee to authorize and manage the day-to-day business transactions, of the Company which would then be ratified by the Board. The administrative committee comprised of the following directors:

- Mr. Ashok Soota, Chairman
- Mr. Subroto Bagchi, Member
- Mr. V. G. Siddhartha, Member

This committee meets as and when there is a need to carry out any urgent business transaction, which would need the approval of the BOD.

Strategic initiatives committee

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

Strategic initiatives committee is responsible for:

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

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 2010-11. High and low and number of shares traded during each month in the last financial year on The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited are as mentioned below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)
Apr-10	663.80	564.10	2,299,361	665.00	562.25	5,862,921
May-10	589.90	507.00	400,444	590.00	508.80	1,431,660
Jun-10	588.50	525.00	731,811	588.00	525.00	1,565,454
Jul-10	591.00	519.00	551,498	591.00	506.80	1,404,796
Aug-10	545.00	499.00	203,582	544.90	498.00	726,987
Sep-10	533.00	491.00	758,098	532.90	500.00	1,682,052
Oct-10	564.00	505.30	367,419	564.85	505.10	1,371,296
Nov-10	539.00	490.00	120,303	537.85	490.00	667,171
Dec-10	561.00	491.70	204,939	564.30	482.30	874,869
Jan-11	571.00	442.50	279,809	570.95	442.35	995,325
Feb-11	514.10	366.00	768,445	514.80	365.00	2,128,650
Mar-11	406.00	342.00	380,505	418.00	343.20	1,174,416
Total			7,066,214			19,885,597

- Any other matter that may be entrusted to the committee by the Board.

The strategic initiatives committee comprised of the following directors:

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

The 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

Management Discussion and Analysis

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

CEO/CFO Certification

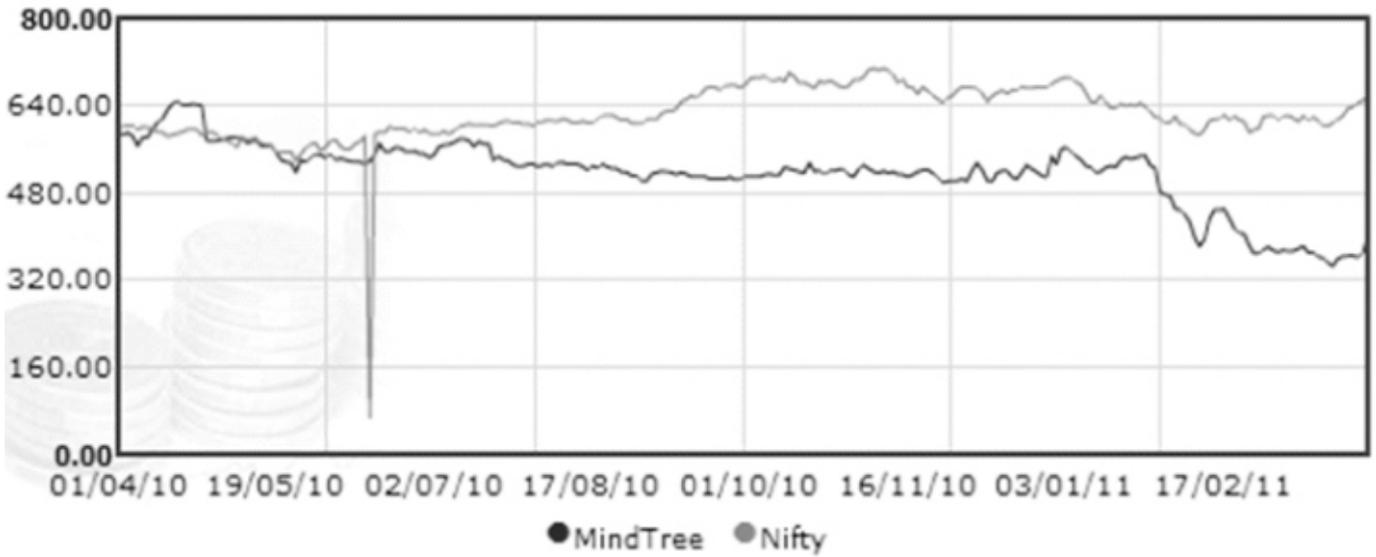
As required by clause 49 of the listing agreement, the CEO/CFO certification is provided elsewhere in the annual report.

Mergers & Amalgamation

The Company acquired 412,500 equity shares of MindTree Wireless Private Limited (MWPL) [formerly Kyocera Wireless (India) Private Limited] representing 100% of equity share capital of MWPL. Consequently, MWPL became a 100% subsidiary of the Company with effect from October 1, 2009.

The Company filed a Scheme of Amalgamation ("the Scheme") with the Hon'ble High Court of Karnataka for the amalgamation of MWPL with the Company effective April 1, 2010 (the Appointed Date). The Hon'ble High Court of Karnataka approved the aforesaid Scheme vide its Order dated December 10, 2010. As per the terms of the Scheme, MWPL was amalgamated with the Company with effect from April 1, 2010. The Company has accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, "Accounting for Amalgamations".

MindTree's Share price movement compared to CNX Nifty and BSE Sensex



Management Discussion and Analysis

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

Economy & Indian IT Industry

2010 saw a shift from ‘anxiety’ to ‘cautious optimism’ across the world. The developing countries are projected to lead the recovery with growth rates of about 6%. High-income countries’ growth will accelerate from about 2-2.3% in 2010 to 2.3-2.7% in 2012.

The demand outlook for IT has also improved. After negative growth in last year, the growth in global IT spend is expected to be in the range of 4-6% till 2014. Indian IT industry has also started realizing higher growth rates. In FY 2010-11, NASSCOM expected that the Indian IT software and services sector (excluding hardware) will account for USD 76.1 billion of revenues, reflecting a growth of 19%. Exports are expected to touch USD 59 billion, a growth of 18.7% and the domestic market is expected to touch Rs. 787 billion, a growth of almost 16%.

Coming out of recession in 2010, the CIO’s strategies are also shifting. The current top three priority areas are - improving business processes, reducing enterprise costs and increasing the use of information/analytics. Based on this, the key technology trends in improving business processes are Cloud computing, SaaS, Mobile computing and Intelligent IT analytics. For enterprise wide cost reduction, the key trends are consolidation of data centers, virtualization, cloud and outsourcing.

Technology trends that have started getting into mainstream are - bundled offerings like ADM and BPO or ADM and RIM; SaaS offerings for specific enterprise functions like HR, finance, etc., cloud offerings, (IaaS, PaaS, SaaS); and activities that promote Green IT. From a business standpoint, many IT companies have started defining and measuring non-linear revenues. Further, the outsourcing focus is shifting to SMB customer base.

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

Financial Performance

The financial performance discussed below is based on the consolidated financial results for the year ended March 31, 2011.

The numbers are inclusive of MindTree Wireless Private Limited (MWPL) (Formerly Kyocera Wireless (India) Private Limited). The Honourable High Court of Karnataka, on December 10, 2010, approved the scheme of amalgamation of MWPL with MindTree Limited w.e.f April 1, 2010 (the Appointed Date).

Income

Revenue for the year is Rs. 15,090 million signifying a growth of 16.4% in Rupee terms and 21.5% in dollar terms. We have 277 active customers as at March 31, 2011 of which 48 are Fortune 500 accounts.

Our million dollar client count is as follows:

No. of million dollar clients	March 31, 2011	March 31, 2010
\$1 million clients	67	60
\$5 million clients	14	13
\$10 million clients	6	5

We provide our software development services on time-and-material basis or fixed-price basis. Revenue from software development on time-and-material basis is recognized as and when the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Our revenues by project type are as follows:

Project Type	March 31, 2011	March 31, 2010
Fixed price	34.3%	25.5%
Time and Material	65.7%	74.5%
Total	100.0%	100.0%

Our revenue breakdown by service offerings is given below:

Service offerings	March 31, 2011	March 31, 2010
Development	47.4%	50.1%
Maintenance	21.4%	21.2%
Consulting and IP Licensing	3.6%	2.7%
Package Implementation	3.2%	4.4%
Independent Testing	17.5%	17.6%
Infrastructure Management and Tech Support	6.9%	4.0%
Total	100.0%	100.0%

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

	March 31, 2011	March 31, 2010
Effort mix		
Onsite	11.4%	11.7%
Offshore	88.6%	88.3%
Total	100.0%	100.0%
Revenue mix		
Onsite	30.2%	28.4%
Offshore	69.8%	71.6%
Total	100.0%	100.0%

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

Rs. Million

Year ended	March 31, 2011	%	March 31, 2010	%
America	9,346	61.9	8,523	65.8
Europe	2,885	19.1	2,335	18.0
India	1,284	8.5	892	6.9
Rest of World	1,575	10.5	1,210	9.3
Total	15,090	100.0	12,960	100.0

Our operations predominantly related to providing services in 3 primary business segments viz. IT Services, Product Engineering Services (PES) and Wireless Services. Revenues in these segments are as follows:

Rs. Million

Year ended	March 31, 2011	%	March 31, 2010	%	Growth %
IT Services	8,783	58.2	6,980	53.8	25.8
PE Services	5,653	37.5	5,543	42.8	2.0
Wireless services	654	4.3	437	3.4	49.7
Total	15,090	100.0	12,960	100.0	16.4

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

Industry Groups (Year ended)	March 31, 2011	March 31, 2010
Manufacturing	14.7%	12.7%
Banking, Financial and Insurance	19.0%	17.2%
Travel and Transportation	12.3%	13.9%
R&D Services (RDS)	12.2%	14.4%
Software Product Engineering (SPE)	25.3%	28.3%
Wireless Services	4.3%	3.4%
Others	12.2%	10.1%
Total	100.0%	100.0%

Note: RDS and SPE form part of PE Services

Other income

Other income for the year ended March 31, 2011 is Rs. 242 million and has decreased by Rs. 528 million over the previous year. This is mainly because of reversals in Mark to Market (MTM) provisions which were lesser in the current year as the rupee appreciated only marginally from 44.90 at March 31, 2010 to 44.595 at March 31, 2011.

Profitability and Margins

- EBITDA margins are at 11.8% as compared to 18.9% in the previous year. The main reasons for the decline in EBITDA margins are due to the investments we made in our products business, rupee appreciation of about 4%, wage revisions effected during the year, increase in subcontractor costs and recruitment expenses.
- Our effective tax rate based on current taxes is about 16.5% (after adjusting for the one time dividend tax paid on Aztec US subsidiary dissolution) as compared to about 15.6% in the previous year.

Business Segments

Rs. in million

Consolidated profit and loss statement for the year ended March 31, 2011	IT Services	PE Services	Wireless Services	Total
Revenues	8,783	5,653	654	15,090
Operating expenses, net	7,663	4,940	904	13,507
Segmental operating income	1,120	713	(250)	1,583
Unallocable expenses				517
Profit for the year before interest, other income and tax				1,066
Interest expense				4
Other income				242
Net profit before taxes				1,304
Income taxes				288
Net profit after taxes				1,016

- PAT has declined by 52.7% to Rs. 1,016 million. Apart from the reasons explained above, a major reason for the decline in the PAT from FY 2009-10 was that the Company had a MTM gain of Rs. 1,113 million in FY 2009-10 which was a one-off item due to the INR appreciation in FY 2009-10. In comparison, the MTM gain was only Rs. 136 million in FY 2010-11.

Segmental reporting

As indicated earlier, the Company's operations predominantly related to providing IT Services, PE Services and Wireless 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.

Consolidated profit and loss statement	IT Services	PE Services	Wireless Services	Total

Strengths & Opportunities

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

Long term client relationships: With time, we have demonstrated our ability to manage large client relationships and outsourcing engagements. We are ranked 19th amongst IT services companies by IAOP (International Association of Outsourcing Professionals) in their annual list of the Top 100 Global Outsourcing Companies. Additionally, 2010 was the fifth consecutive year for MindTree to be ranked in the GS100 list in four categories, including Application Development and Maintenance (ADM); Engineering Services; IT Outsourcing; and Specialty Product Engineering. This is instituted by Global Services Media and NeoAdvisory.

We conduct an annual customer experience survey with our clients to help us understand our clients' needs and expectations and improve client performance. We believe that our ability to be accessible to our customers, the personal attention we give them, our flexible approach and agility to meet customer requirements and our positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength. In the MindTree Customer Experience Survey during the year, 87% of customers gave a rating of 4 and above (on a scale of 5) on overall satisfaction and 93% of them rated 4 and above (on a scale of 5) on their willingness to do repeat business.

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

Comprehensive range of Services: We have developed a comprehensive range of services to ensure that we offer end-to-end IT services to our clients. With delivery centers in India and the U.S., we offer IT strategy consulting, application development, data warehousing and business intelligence, application maintenance, package implementation, product architecture, design and engineering, embedded software, technical support, testing, infrastructure management and knowledge processing services to our customers. The R&D research team creates intellectual property

primarily in the short-range wireless communication segment, which are licensed to our clients. We believe that our comprehensive range of offerings help our clients achieve their business objectives.

Our win in a project of nation-wide importance namely 'Aadhar' which is Government of India's Unique Identification (UID) project is testimony of our strong domain expertise within our range of Services.

MindTree was recognized among the top 20 IT Services Exporters by the National Association of Software and Service Companies (NASSCOM) for 2009-2010.

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

Preferred place to Work: We have consistently appeared in various surveys conducted to ascertain the best employers in India and have received various accolades in this regard. MindTree was ranked 13th, in the Dataquest-IDC India IT Best Employers' Survey for 2010. MindTree was ranked 19th in the list of Top 25 Best Employers in India and ranked No. 2 among the IT companies, by AON Hewitt Best Employers' Survey 2011.

We recruit talent from some of the best universities, colleges and institutes in India and abroad, as well as some of the leading IT companies in India and overseas. In order to create a differentiated culture and preferred place to work, we have taken multiple steps. These include transparent evaluation criteria, continuous focus on training and new skills, competitive compensation packages, being a value-based organization, open communications policies and ability to prepare our people for leadership roles

Knowledge Management and Innovation: We leverage on effective knowledge management techniques through a well planned knowledge ecosystem to nurture, share and tap knowledge. We view innovation and knowledge creation as a key strength that is and will continue to help us deliver value to our customers. This focus of ours has also resulted in our receiving industry recognitions. MindTree won the 2010 Asian MAKE (Most Admired Knowledge Enterprise) Award given by Teleos and the Know Network. MindTree was ranked 1st in India and 9th in Asia, across all industries.

Experienced management team: Our management team has enormous global experience in the IT industry. Our management team has come from diverse backgrounds and geographies and with different areas of specialization within the IT industry. In year 2010, our CEO & MD, Krishnakumar Natarajan was awarded the CEO of the year (Emerging Companies Category) by Bloomberg UTV.

Threats, Risks & Concerns

Legislation in existing markets could restrict companies to outsource: With 60% of our revenues from US, any restrictions on outsourcing services by US government negatively impacts our business. One example of this is US Congress passing Border Security Bill in August 2010 that doubled H-1B visa fee to over \$4,000 per visa. While this will not impact our business in a major way, any other substantive anti-outsourcing legislation may hurt our prospects.

Pressure on pricing: In a highly competitive environment, customers have tough expectations on pricing. We are focusing on providing higher value and differentiated services to beat the pricing pressures. Our re-articulated Mission statement showcases our focus on customer's success and innovation like IP creation, specialization, etc. We are looking at pillars like strong brand and domain expertise to differentiate ourselves. One recent example of building industry leading differentiated service is our CPG (Consumer Product Group) offering. MindTree was named among the top 10 providers of Outsourcing/IT Integration services to the consumer goods industry in Consumer Goods Technology's (CGT) 2011 Readers' Choice Survey. MindTree was chosen by CGT's subscriber base as one of their most valued and used solution and service providers.

Competition: To improve operational efficiency and market addressability we have made some changes to our Organization structure to keep it simpler and efficient. The focus also will be on fewer domains and take a lead in many of them. We have two growth engines to address the market - IT Services and Product Engineering Services (PES). With a view to provide end to end data & analytics services to customers, Data Warehousing and Business Intelligence practice and Knowledge Services will be combined to form Data & Analytics Solutions (DAS). DAS will become the third arm of our growth enablers - the other two being IMTS and Testing - to help ITS and PES drive higher growth. The market for all these areas is highly competitive and rapidly evolving. We primarily face competition from Indian as well as international companies and captive offshore centers. Our mature global delivery model, range of services offered, our level of technical expertise and talented pool of people and our culture help differentiate us from some of our competitors. We believe that price alone is not a sustainable competitive advantage in an environment where IT and technology is becoming increasingly critical to our client's core corporate strategy. We have therefore endeavored to develop competitive strength through our ability to provide personalized and differentiated service to our clients.

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

locational presence to tap the talent pools in newer cities.

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

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

Our Strategy

We provide comprehensive range of IT services viz. ADM, Independent Testing, Infrastructure Management & Support, Data Analytics, R&D, Software Product Engineering. Our endeavor is to create success for our customers through innovative solutions delivered by happy people at workplace.

We have identified four strategy pillars that will help us grow faster than the industry average as well as generate higher returns to all our stakeholders. The four pillars are as below;

- 1. Growth and margin expansion:** As per NASSCOM, India IT industry is expected to grow at 16-18% in FY 2011-12. We want to capture this growth opportunity through multiple ways. These include, focused account mining in our Fortune1000 customer base; building deep domain expertise to win new clients; expanding service offerings in newer technologies like cloud, mobile; and aggressively pursuing large deals. We also plan to grow inorganically, if the target generates good synergies with our existing business.
- 2. Non-linear revenues:** We believe that in future, one aspect of outsourcing industry will be developing non-linear revenue stream. These include, fixed price projects, IP's, reusable components, platform and SaaS based solutions. We have already invested in remote infrastructure management platform, blue tooth IP. Going further, we have identified few areas where we will develop products and solutions.
- 3. Operational excellence:** As we grow, we want to ensure that we are able to provide the same level of services to our clients and employees. This requires us to continuously improve in our operations through better talent management, world class infrastructure, and processes that can ensure that customer needs are met through right talent. We are implementing new practices for employees to improve work-life balance, inculcate value system, perform better, get recognized and transparency.
- 4. Delivery Excellence:** We intend to continue our focus on delivery excellence. Three factors where we are working on are: 1. Certainty: We aim to deliver projects with certainty- "on time, with quality, within budget and expected scope". This would be achieved through robust management practices, using tools and methodologies, continual competency development and new delivery structure. 2. Customer centricity: We continually focus

to go to market with stronger consulting orientation (ROI, Business benefit), build best-in-class onsite program management capability and engage in core and critical application landscape. 3. Innovation: We continue to focus to deliver engagements based on Industry solution frameworks and execute engagements in a globally distributed model.

Outlook

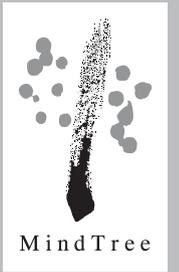
Our IT services business is on a strong footing. Some of the large wins we have announced have set the momentum for FY 2011-12. As per NASSCOM estimates, the Indian IT industry is expected to grow at 16-18% in FY 2011-12. MindTree's goal is to deliver higher growth than the industry estimates.

Internal control systems and their adequacy

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

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

Widely known for our focus on human capital development, we have been consistently rated among the most admired employers by several industry surveys. We have 9,547 people at March 31, 2011. This includes sales and support of 685 people.



Standalone Financial Statements

Auditors' Report to the Members of MindTree Limited

We have audited the attached balance sheet of MindTree Limited ('MindTree' or 'the Company') as at March 31, 2011, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto [in which results of erstwhile MindTree Wireless Private Limited (formerly Kyocera Wireless (India) Private Limited) has been incorporated with appointed date of April 1, 2010 on its amalgamation with the Company as fully explained in note 4 of schedule 15 to the financial statement]. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) on the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Act; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for B S R & Co.

Chartered Accountants

Firm registration No. 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

April 21, 2011

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of MindTree Limited ('the Company') for the year ended March 31, 2011.

We report as follows:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. The Company is a service company, primarily rendering software development services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of fixed assets are for the Company's specialized requirement and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of rupees five lakhs with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchase of certain items of fixed assets which are for the Company's specialized requirements and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act for any of the services rendered by the Company.
9. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Customs duty, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees State Insurance, Wealth tax, Excise duty and Investor Education and Protection Fund.
There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government of India.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Service tax, Customs duty, Cess and other material statutory dues were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
c) According to the information and explanations given to us, there are no dues of Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The Company, however, disputes the following Income tax, Service tax and Sales tax dues:

Name of the statute	Nature of the dues	Amount (Rs.) in 000's	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest	78,981*	Assessment year 2002-03	Honourable High Court of Karnataka**
Income Tax Act, 1961	Tax and interest	46,764*	Assessment year 2003-04	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	60,837	Assessment year 2004-05	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	28,484	Assessment year 2005-06	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	57,669	Assessment year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and interest	51,447	Assessment year 2006-07	Commissioner of Income Taxes (Appeals), Bangalore

Name of the statute	Nature of the dues	Amount (Rs.) in 000's	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and interest	11,163	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	32,236	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	10,103	Assessment year 2008-09	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	42,268	Assessment year 2008-09	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	34,604	Assessment year 2007-08	Commissioner of Income Taxes (Appeals), Bangalore
Income Tax Act, 1961	Tax and interest	616	Assessment year 2001-02	Honorable High Court of Karnataka
The Finance Act, 1994	Service tax	151,210	July 2003 to June 2007	Customs, Excise and Service Tax Appellate Tribunal, Pune
The Finance Act, 1994	Service tax	66,940	July 2007 to March 2008	Customs, Excise and Service Tax Appellate Tribunal, Pune
Karnataka Value Added Tax Act, 2003	Tax and interest	5,860*	April 2005 to March 2007	Joint Commissioner of Commercial taxes (Appeals), Bangalore
Karnataka Value Added Tax Act, 2003	Tax and interest	4,283*	April 2007 to March 2009	Joint Commissioner of Commercial taxes (Appeals), Bangalore
Karnataka Sales Tax Act, 1957	Tax and penalty	287*	Upto July 2004	Assistant Commissioner of Commercial taxes (Recovery), Bangalore

* The above amounts are net of amount paid under protest

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

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

for **B S R & Co.**

Chartered Accountants

Firm registration No. 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

April 21, 2011

Balance Sheet

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

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

As per our report attached

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

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: April 21, 2011

Subroto Bagchi
Vice Chairman

Rostow Ravanan
Chief Financial Officer

Place: Bangalore
Date: April 21, 2011

For MindTree Limited

N. Krishnakumar
CEO & Managing Director

Rajesh Srichand Narang
Company Secretary

Profit and Loss Account

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

Significant accounting policies and notes to the accounts 15

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

As per our report attached

For MindTree Limited

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

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 21, 2011

Place: Bangalore
Date: April 21, 2011

Cash Flow Statement

	For the year ended March 31, 2011	(Rs in Million) For the year ended March 31, 2010
Cash flow from operating activities		
Profit before tax	1,526	2,462
Adjustments for:		
Depreciation and amortisation	712	611
Amortization of stock compensation	-	5
Interest expense	4	25
Interest/dividend income	(68)	(49)
(Profit)/Loss on sale of fixed assets	(1)	1
Profit on sale of investments	-	(11)
Gains on dissolution of subsidiaries	(221)	-
Exchange difference on derivatives	(136)	(981)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(4)	7
Operating profit before working capital changes	1,812	2,070
(Increase)/decrease in sundry debtors	(454)	506
Increase in loans and advances	(313)	(68)
(Decrease)/increase in current liabilities and provisions	(73)	273
Net cash provided by operating activities before taxes	972	2,781
Income taxes and FBT paid	(534)	(385)
Net cash provided by operating activities	438	2,396
Cash flow from investing activities		
Purchase of fixed assets	(841)	(426)
Proceeds from sale of fixed assets	4	5
Purchase of business/acquisition	-	(292)
Investment in subsidiaries	-	(23)
Interest/dividend received from investments	60	49
Purchase of investments	(7,318)	(10,509)
Sale/maturities of investments	7,710	10,199
Net cash used in investing activities	(385)	(997)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	139	94
Interest paid on loans	(2)	(25)
Repayment of term loans	-	(516)
Proceeds/(repayments) of other loans, net	15	(847)
Dividends paid (including distribution tax)	(150)	(46)
Net cash provided by/(used in) financing activities	2	(1,340)
Effect of exchange differences on translation of foreign currency/cash and cash equivalents	4	(7)
Net increase in cash and cash equivalents	59	52
Cash and cash equivalents of Aztecsoft Limited at the beginning of the year*	-	117
Cash and cash equivalents of MindTree Wireless Private Limited at the beginning of the year*	32	-
Cash and cash equivalents at the beginning of the period	349	180
Cash and cash equivalents at the end of the period**	440	349

*Refer Note 3 and 4 of Schedule 15

**Refer Schedule 7

As per our report attached

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

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: April 21, 2011

Subroto Bagchi
Vice Chairman

Rostow Ravanan
Chief Financial Officer

Place: Bangalore
Date: April 21, 2011

For MindTree Limited

N. Krishnakumar
CEO & Managing Director

Rajesh Srichand Narang
Company Secretary

Schedules to the balance sheet

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
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)	<u>796</u>	<u>796</u>
Issued, subscribed and paid-up capital		
40,035,187 equity shares of Rs 10 each fully paid (previous year: 39,514,994 equity shares of Rs 10 each) (of the above equity shares, 1,300,965 equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 201.05 to the shareholders of erstwhile Aztecsoft Limited for consideration other than cash pursuant to the scheme of amalgamation)	<u>400</u>	<u>395</u>
	<u>400</u>	<u>395</u>
For details of options, in respect of the above equity shares, refer Note 7 of Schedule 15		
2. Reserves and surplus		
Capital reserve		
At the commencement of the year	2	-
Additions during the year (Refer Note 27 of Schedule 15)	<u>85</u>	<u>2</u>
	87	2
Securities premium account		
At the commencement of the year	1,535	2,543
Additions during the year		
Allotment of shares to shareholders of Aztecsoft Limited in accordance with the scheme of amalgamation (Refer Note 3 of Schedule 15)	-	262
On exercise of employee stock options	<u>134</u>	<u>90</u>
	1,669	2,895
Deductions during the year		
Adjustment of goodwill arising on amalgamation of Aztecsoft Limited in accordance with scheme of amalgamation. (Refer Note 3 of Schedule 15)	-	(1,360)
	<u>1,669</u>	<u>1,535</u>
General reserve		
At the commencement of the year	410	202
Add: Transfer from profit and loss account	<u>123</u>	<u>208</u>
	533	410
Stock option outstanding account	48	50
Add: Deferred employee compensation expense	<u>-</u>	<u>(2)</u>
	48	48
Hedge reserve (Refer Note 24 of Schedule 15)		
At the commencement of the year	115	(85)
Additions during the year	<u>(34)</u>	<u>200</u>
	81	115
Balance in profit and loss account	4,946	3,955
	<u>7,364</u>	<u>6,065</u>
3. Unsecured loans		
Council for Scientific and Industrial Research	46	31
	<u>46</u>	<u>31</u>

Schedules to the balance sheet (continued)

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

Refer note 6 of Schedule 15

Leasehold land includes land acquired on leases. The ownership of the land does not transfer to the Company at the end of the lease term and accordingly the cost is amortised over the period of the lease. Additions to fixed assets include net block of Rs. 73 million relating to fixed assets of MindTree Wireless Private Limited, pursuant to the scheme of amalgamation. Refer Note 4 of Schedule 15.

(Rs in Million)

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

Schedules to the balance sheet (continued)

		(Rs in Million)	
		As at	As at
		<u>March 31, 2011</u>	<u>March 31, 2010</u>
5. Investments			
A. Long-term investments			
Trade - Unquoted (fully paid equity shares)			
2,400 (previous year: 2,400) equity shares in Career Community.com Limited		1	1
643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at premium of US \$ 0.2557 each in 30 Second Software Inc		7	7
Investments in subsidiary companies - unquoted (fully paid equity shares)			
Nil (previous year: 412,500) equity shares of Rs 10 each in MindTree Wireless Private Limited		-	437
Investment in MindTree Software (Shenzhen) Co., Ltd.		23	23
Nil (previous year: 357,142,851) common stock of Aztec Software Inc., U.S.A, a wholly owned subsidiary at US\$ 0.014 each fully paid, par value US\$ 0.014 each		-	229
Nil (previous year: 1,000) common stock Aztecsoft Disha Inc., U.S.A. a wholly owned subsidiary at US\$ 1 each fully paid at premium of US \$ 24 each		-	1
		<u>31</u>	<u>698</u>
Less: Provision for diminution in the value of investments		1	1
		<u>30</u>	<u>697</u>

B. Current investments**I. Non-trade Investments - quoted (valued at lower of cost or market value)**

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

Schedules to the balance sheet (continued)

	(Rs in Million)			
	Number of Units as at		As at	As at
	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
L&T Mutual Fund (24,877,464 units purchased / 20,874,004 units redeemed during the year)	4,003,460	-	40	-
SBI Mutual Fund (6,024,214 units purchased / Nil units redeemed during the year)	6,024,214	-	60	-
			<u>835</u>	<u>1,266</u>
Description			Market Value	
HDFC Mutual Fund			-	188
ICICI Prudential Mutual Fund			46	203
IDFC Mutual Fund			104	71
UTI Mutual Fund			-	192
HSBC Mutual Fund			-	120
Franklin Templeton Mutual Fund			53	207
DSP Blackrock Mutual Fund			176	75
Birla Sun Life Mutual Fund			129	211
Reliance Mutual Fund			81	-
Tata Mutual Fund			160	-
L&T Mutual Fund			41	-
SBI Mutual Fund			61	-
			<u>851</u>	<u>1,267</u>
II. Non-Trade Investments - unquoted (Term Deposits)				
HDFC Limited			170	120
Janalakshmi Financial Services Private Limited			100	50
			<u>270</u>	<u>170</u>
			<u>1,135</u>	<u>2,133</u>
Aggregate amount of quoted investments			835	1,266
Aggregate market value of quoted investments			851	1,267
Aggregate amount of unquoted investments			300	867

Schedules to the balance sheet (continued)

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
6. Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- considered good	24	9
- considered doubtful	35	37
Other debts considered good*	2,801	2,209
Less: Provision for doubtful debts	35	37
	<u>2,825</u>	<u>2,218</u>
*includes amounts due from the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 (refer Note 18 of Schedule 15)		
MindTree Wireless Private Limited	<u>-</u>	<u>1</u>
7. Cash and bank balances		
Cash on hand	-	-
Balances with scheduled banks		
Current accounts	77	30
Deposit accounts	232	180
Balances with non-scheduled banks - in current accounts		
HSBC Bank , Swindon, UK	13	8
Bank of Tokyo, Mitsubishi	3	3
Silicon Valley Bank, USA	70	73
HSBC, Dubai	4	4
HSBC, Germany	10	8
UBS, Basel	2	1
HSBC, Australia	4	10
HSBC, Singapore	20	6
HSBC, Netherlands	2	3
National Westminster Bank, UK	-	1
Wells Fargo, Seattle, USA	-	16
HSBC, Canada	3	6
	<u>440</u>	<u>349</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
in current accounts		
Wachovia Bank, N.A., USA	-	73
HSBC Bank, Swindon, UK	59	40
Deutsche Bank, Singapore	-	1
Bank of Tokyo, Mitsubishi	20	30
Silicon Valley Bank, USA	696	711
HSBC Dubai	15	21
HSBC Germany	13	16
UBS, Basel	2	2
HSBC, Australia	30	25
HSBC, Singapore	68	39
HSBC, Netherlands	10	10
Bank of America, California, USA	-	45
Wells Fargo, Seattle, USA	150	106
National Westminster Bank, UK	1	1
HSBC, Canada	10	6
in deposit accounts		
Silicon Valley Bank, California, USA	<u>-</u>	<u>1</u>

Schedules to the balance sheet (continued)

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
8. Loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received*	1,120	871
Interest accrued	18	10
Unbilled revenue	437	366
Advance tax and tax deducted at source, net of provision for taxes	823	534
MAT credit entitlement	108	3
<i>(Unsecured, considered doubtful)</i>		
Advances recoverable in cash or in kind or for value to be received	13	-
Less: Provision for doubtful advances	(13)	-
	<u>2,506</u>	<u>1,784</u>
* includes amounts due from		
- directors	-	2
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited (Refer Note 18 of Schedule 15)	-	72
Maximum amount outstanding at anytime during the year from		
- directors	-	2
- companies under the same management as defined under Section 370(1B) of the Companies Act, 1956		
MindTree Wireless Private Limited	-	72
	<u>-</u>	<u>72</u>
9. Current liabilities		
Advances from customers	46	39
Interest accrued but not due	2	-
Unearned revenue	41	56
Sundry creditors		
- dues to micro and small enterprises (Refer Note 16 of Schedule 15)	-	-
- dues to other than micro and small enterprises		
Expenses	98	83
Capital goods	69	39
Other liabilities*	1,468	1,785
Unclaimed dividend	3	2
Book overdraft	87	40
Amount due to subsidiaries (Refer Note 18 of Schedule 15)	2	451
	<u>1,816</u>	<u>2,495</u>
* includes employee related liabilities	<u>419</u>	<u>567</u>
10. Provisions		
Compensated absences	179	117
Post contract support services	5	5
Provision for discount	49	50
Provision for foreseeable loss on contracts	2	24
Proposed dividend	50	79
Provision for gratuity	8	-
Provision for		
tax on dividend	8	13
taxes	229	149
	<u>530</u>	<u>437</u>

Schedules to the profit and loss account

	For the year ended March 31, 2011	(Rs in Million) For the year ended March 31, 2010
11. Software development expenses		
Salary and allowances	7,443	5,627
Contribution to provident and other funds	697	505
Staff welfare	86	56
Travel and conveyance	743	505
Communication expenses	46	44
Sub-contractor charges	457	384
Software purchases	59	43
Computer consumables	282	304
Rent	246	210
Post contract support services	-	(5)
Provision for foreseeable loss on contracts	(11)	24
Consumables	3	-
Outsourced technical services	93	-
	<u>10,144</u>	<u>7,697</u>
12. Administrative and other expenses		
Salary and allowances	1,555	1,190
Contribution to provident and other funds	72	59
Travel and conveyance	206	136
Power and fuel	169	151
Rent	117	93
Lease rentals/charges	61	20
Telephone charges	84	79
Printing and stationery	19	18
Office maintenance	114	66
Staff training expenses	50	32
Advertisement	6	10
Bank charges	7	6
Insurance	21	21
Rates and taxes	4	31
Auditor's remuneration	10	9
Recruitment expenses	173	57
Repairs and maintenance		
- Plant and machinery	14	10
- Others	44	8
Marketing expenses	106	59
Donations	2	3
Legal and professional expenses	180	135
Loss on sale of fixed assets	-	1
Provision for bad and doubtful debts	3	23
Bad debts written off	-	39
Provision and write off of doubtful advances	41	-
Miscellaneous expenses	107	85
	<u>3,165</u>	<u>2,341</u>
13. Interest		
Interest on term loans	2	11
Interest on short term credit / finance charges	2	14
	<u>4</u>	<u>25</u>
14. Other income		
Interest on deposits	27	13
[tax deducted at source: Rs 3 million (previous year: Rs 1 million)]		
Profit on sale of non trade investments	-	11
Profit from sale of fixed assets, net	1	-
Dividend from non trade investments	41	36
Exchange gain, net	155	709
Bad debts recovered	-	16
Liabilities no longer required written back	4	14
Gains on dissolution of subsidiaries (Refer Note 26 of Schedule 15)	221	-
Miscellaneous income	12	5
	<u>461</u>	<u>804</u>

Schedule 15 - Significant accounting policies and notes to the accounts for the year ended March 31, 2011

1. Background

MindTree Limited ('MindTree' or 'the Company') is an international Information Technology ("IT") consulting and implementation company that delivers business solutions through global software development. The Company is structured into three business units - Information Technology ('IT') Services, Product Engineering ('PE') Services and Wireless Services. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, ERP and maintenance and re-engineering of legacy mainframe applications. PE Services comprises R&D Services and Software Product Engineering Services. R&D Services enables faster product realization by leveraging the expertise in the areas of hardware design, embedded software, middleware and testing and through MindTree's own IP building blocks in the areas of Bluetooth, VOIP, IVP6, iSCSI and others in datacom, telecom, wireless, storage, industrial automation, avionics, consumer products and computing. Software Product Engineering provides full life cycle product engineering, professional services and sustained engineering services. Consequent to the acquisition and subsequent merger of MindTree Wireless Private Limited, the Company has added a business segment in its operating structure which is referred to as Wireless Services.

The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada and France.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

2.3 Fixed assets and depreciation

- 2.3.1 Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.
- 2.3.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Company.
- 2.3.3 Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as

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

- 2.3.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date and the cost of the fixed asset not ready for its intended use on such date, are disclosed under capital work-in-progress.
- 2.3.5 Depreciation is provided on the straight-line method. The rates specified under schedule XIV of the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

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

- 2.3.6 Fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase/ installation. Depreciation on additions and disposals during the year is provided on a pro-rata basis.
- 2.3.7 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements and assets acquired on finance lease are amortised over the lease term or useful life, whichever is lower.

2.4 Investments

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

2.5 Cash and cash equivalents

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

2.6 Cash flow statement

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

2.7 Employee benefits

- 2.7.1 Gratuity is a defined benefit scheme and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by

ICICI Prudential Life Insurance Company, SBI Life Insurance Company and Life Insurance Corporation of India. Actuarial gains and losses are charged to the profit and loss account.

- 2.7.2 Compensated absences are a long-term employee benefit and is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.
- 2.7.3 Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account.

2.8 Revenue recognition

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

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

- 2.8.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers and is shown as reduction of revenues.
- 2.8.3 Dividend income is recognised when the right to receive payment is established.
- 2.8.4 Interest income is recognized using the time proportion method, based on the transactional interest rates.

2.9 Foreign exchange transactions

- 2.9.1 The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts and other derivative instruments.
- 2.9.2 Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account for the year.
- 2.9.3 Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss account. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- 2.9.4 Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS

11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

- 2.9.5 For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, the Company has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' which is recommendatory with effect from April 1, 2009. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Company has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/(gain) is debited/credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/ (gain) is debited/ credited to profit and loss account.

2.10 Warranties

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

2.11 Provision and contingent liabilities

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

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

2.12 Taxation

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

down or written up to reflect the amount that is reasonably/virtually certain to be realised.

Minimum alternate tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. MAT credit entitlement can be carried forward and utilized for a period of ten years from the period in which such credit is availed.

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

2.13 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.14 Impairment of assets

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

2.15 Employee stock options

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

3. Acquisition and amalgamation of Aztecsoft Limited

The Company had acquired 36,441,595 equity shares of Aztecsoft Limited ('Aztec'), a Company listed on recognized stock exchanges in India in the financial year 2008-09 for a consideration of Rs 2,920 million. Consequent to the acquisition of these shares, Aztec became a subsidiary of the Company. As at March 31, 2009, the Company held 79.9% of outstanding equity shares of Aztec.

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

In terms of the scheme, Aztec was amalgamated with the Company with effect from April 1, 2009. The Company has

accounted for the amalgamation as amalgamation in the nature of purchase under AS 14, Accounting for Amalgamations.

Following were the salient features of the scheme:

- a) 36,441,595 equity shares held by the Company in Aztec and 2,010,751 equity shares held by Aztec Software and Technology Services Limited Employees Welfare Trust were cancelled and extinguished, from the effective date of the scheme. Further 1,300,965 equity shares of the Company were issued to the erstwhile minority shareholders of Aztec holding 7,155,306 equity shares in Aztec based on the swap ratio of 2 equity shares in the Company for every 11 equity shares held in Aztec considering the market value of Rs. 211.05 per share of the Company as at April 1, 2009. The additional consideration thus paid to the minority shareholders of erstwhile Aztec amounted to Rs 275 million. Accordingly, the total consideration for the transaction amounted to Rs 3,195 million.
- b) All the assets and liabilities of Aztec were recorded in the books of the Company at their carrying amounts as on April 1, 2009. The net worth of Aztec as at the date of acquisition on initial control amounted to Rs 1,835 million.
- c) Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 1,360 million resulting from the aforesaid amalgamation was adjusted against the securities premium account of the Company. If the treatment specified by AS-14 had been followed, the goodwill balance of Rs.1,360 million would have been required to be amortized as per the Company's accounting policy.

4. Acquisition and amalgamation of MindTree Wireless Private Limited

- a) During the previous year, the Company acquired 412,500 equity shares of MindTree Wireless Private Limited (MWPL) [formerly Kyocera Wireless (India) Private Limited] representing 100% of equity share capital of MWPL at a consideration of Rs. 437 million (including a contingent consideration of Rs 144 million). Consequently, MWPL became a 100% subsidiary of the Company with effect from October 1, 2009. The Company has subsequently reassessed contingent consideration payable based on forecast of estimated future revenue and during the year, reduced it by Rs 100 million. Consequently, the cost of investment was reduced to Rs 337 million.
- b) The Company filed a scheme of Amalgamation ("the Scheme") with the Hon'ble High Court of Karnataka for the merger of MWPL with the Company effective April 1, 2010 (the Appointed Date). In January 2011, the Hon'ble High Court of Karnataka approved the aforesaid Scheme vide its Order dated December 10, 2010.

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

Following are the salient features of the Scheme:

- a) 412,500 equity shares held by the Company in MWPL were cancelled and extinguished, from the effective date of the Scheme.
- b) All the assets and liabilities of MWPL are recorded in the books of the Company at their respective book value as on April 1, 2010.
- c) All the profits, income, expenditure, losses accruing to MWPL with effect from the Appointed Date were treated as the profits or income or expenditure or losses, as the case may be, of the Company.

Consequent to the Order, the Company has effected the

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

5. Impairment of goodwill

The management has assessed whether there is an indication that the goodwill may be impaired. Considering the restructuring of business model i.e. conversion of wireless products business into a design service business and expected decline in the future revenues of MWPL, the entire goodwill arising on amalgamation amounting to Rs 21 million is considered to be impaired and an impairment loss to that extent has been recognized which is presented under depreciation and amortisation.

6. Purchase of assets

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

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

7. Employee stock options

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

Program 1 [ESOP 1999]

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

Outstanding options as at April 1, 2010	14,888
Granted during the year	-
Exercised during the year	10,800
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	4,088
Options vested and exercisable as at March 31, 2011	4,088

Program 2 [ESOP 2001]

Options under this program have been granted to employees at an exercise price of Rs 50 per option. All stock options have a four-year vesting term and vest at the rate of 15%, 20%, 30% and

35% at the end of 1, 2, 3 and 4 years respectively from the date of grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. This program extends to employees who have joined on or after October 1, 2001 or have been issued employment offer letters on or after August 8, 2001 or options granted to existing employees with grant date on or after October 1, 2001. This plan was terminated on April 30, 2006. The contractual life of each option is 11 years after the date of grant.

Outstanding options as at April 1, 2010	183,877
Granted during the year	-
Exercised during the year	54,473
Lapsed during the year	2,641
Forfeited during the year	-
Outstanding options as at March 31, 2011	126,763
Options vested and exercisable as at March 31, 2011	126,763

Program 3 [ESOP 2006 (a)]

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

Outstanding options as at April 1, 2010	195,916
Granted during the year	-
Exercised during the year	94,893
Lapsed during the year	7,295
Forfeited during the year	10,180
Outstanding options as at March 31, 2011	83,548
Options vested and exercisable as at March 31, 2011	83,408

Program 4 [ESOP 2006 (b)]

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

Outstanding options as at April 1, 2010	2,658,934
Granted during the year	183,500
Exercised during the year	296,095
Lapsed during the year	39,393
Forfeited during the year	198,000
Outstanding options as at March 31, 2011	2,308,946
Options vested and exercisable as at March 31, 2011	1,459,494

Program 5 [ESOP 2008A]

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

Outstanding options as at April 1, 2010	233,472
Granted during the year	-
Exercised during the year	16,411
Lapsed during the year	49,797
Forfeited during the year	17,046
Outstanding options as at March 31, 2011	150,218
Options vested and exercisable as at March 31, 2011	135,868

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

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

Outstanding options as at April 1, 2010	97,521
Granted during the year	115,000
Exercised during the year	47,521
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	165,000
Options vested and exercisable as at March 31, 2011	33,333

Program 7 [(ESOP 2010 (A))]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received from the BSE and NSE during the year for 1,135,000 equity shares of Rs. 10/- . No options have been granted under the program as at March 31, 2011.

The weighted average exercise price of options exercised during the year ended March 31, 2011 is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 357.18 under program 4, Rs 394.65 under program 5 and Rs 483.80 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2011 was Rs 267.84. The options outstanding at March 31, 2011 had a weighted average exercise price of Rs 349.15 and a weighted average remaining contractual life of 2.12 years.

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

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

Particulars	Rs in million except EPS data	
	Year ended March 31, 2011	Year ended March 31, 2010
Net profit as reported	1,231	2,081
Add: Stock-based employee compensation expense (intrinsic value method)	-	5
Less: Stock-based employee compensation expense (fair value method)	67	96
Pro forma net profit	1,164	1,990
Basic earnings per share as reported	30.93	53.04
Pro forma basic earnings per share	29.25	50.73
Diluted earnings per share as reported	30.10	51.13
Pro forma diluted earnings per share	28.46	48.90

The weighted average fair value of each option of MindTree, granted during the year ended March 31, 2011, estimated on the date of grant was Rs 373.73 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 511 - Rs. 560
Exercise price	Rs. 511 - Rs. 560
Dividend yield%	0.18% - 0.20%
Expected life	3-5 years
Risk free interest rate	7.23% - 7.81%
Volatility	91.66% - 92.98%

8. Provision for taxation

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

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

Particulars	Rs in million	
	As at March 31, 2011	As at March 31, 2010*
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	176	120
Provision for doubtful debts	5	12
Compensated absence	33	24
Provision for post contract support services	2	2
Total deferred tax assets	216	158

*Deferred tax assets include Rs 55 million (previous year: Rs. 45 million) acquired as a part of business purchase and amalgamation. Refer Note 3 and 4 of Schedule 15.

9. Capital commitments and contingent liabilities

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2011 is Rs 122 million (previous year: Rs 244 million).
- b) Guarantees given by Company's bankers as at March 31, 2011 are Rs 80 million (previous year: Rs 122 million).
- c) As of the balance sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is Rs 2,454 million (previous year: Rs 1,909 million).
- d) The Company has received orders for the financial years 2000-01, 2004-05, 2005-06 and 2006-07 wherein demand of Rs 1 million, Rs 6 million, Rs 51 million and Rs 32 million respectively has been raised against the Company on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Company except for financial year 2000-01 wherein the AO has held that interest receipts are not eligible for deduction under section 10B and that losses from export earnings cannot be set off against other income. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demands received.

During the current year, the Company has received an assessment order for financial year 2007-08 from the DCIT with a demand amounting to Rs 42 million on account of certain disallowances / adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals). The Company has not deposited the amount of demand with the department.

- e) On January 2, 2010, the Company has received an assessment order for financial year 2006-07 (A.Y 2007-08) for the erstwhile subsidiary i.e. MindTree Technologies Private Limited (MTPL) from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs.11 million on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has filed an appeal against the demand received. The Company has not deposited the amount of demand with the department.

During the current year, the Company has received an assessment order for financial year 2007-08 pertaining to MTPL from the Deputy Commissioner of Income-tax ('DCIT') with a demand amounting to Rs. 10 million on account of certain disallowances / adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Company has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals). The Company has not deposited the amount of demand with the department.

- f) The Company has received orders under Section 143(3) of the Income-tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04 and 2004-05 wherein demand of Rs 91 million, Rs 49 million, Rs 61 million and Rs 28 million respectively has been raised against the Company. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Company has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals).

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

above mentioned order with ITAT. ITAT, in an earlier year have passed an order setting aside both the Order of the Commissioner of Income Tax (Appeals) as well as the assessing officer and has remanded the matter back to the assessing officer for re-assessment. The Company has preferred an appeal with the High Court of Karnataka against the order of the ITAT. Further, in the previous year the High Court of Karnataka has stayed the operation and all further proceedings pursuant to the order passed by the ITAT.

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

During the current year, the Company has received an assessment order and a draft assessment order pertaining to Aztecsoft Limited for the financial years 2005-06 and 2006-07 wherein demand of Rs 58 million and 112 million respectively has been raised against the Company. The demands have arisen mainly on account of transfer pricing adjustment and certain other disallowances/adjustments. The Company has appealed against the demands received. Based on favourable order received by the Company for the financial year 2001-02 and an evaluation of the facts and circumstances, no provision has been made against the above orders in the financial statements.

- g) During the current year, the Company has received an assessment order for FY 2006-07 for the erstwhile subsidiary MindTree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 39 million on account of certain other disallowances/ Transfer Pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2011. The Company has filed an appeal with CIT Appeals against the demand received. The Company has deposited Rs. 5 Million with the department against this demand.

10. 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.

11. Value of imports on CIF basis

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Capital goods	91	80
Others	3	15
Total	94	95

12. Expenditure in foreign currency

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Branch office expenses	4,675	3,860
Travel expenses	292	262
Professional charges	16	15
Others	347	116
Total	5,330	4,253

13. During the year the Company has remitted in foreign currency dividend of Rs. 10 million (previous year: Rs. 7 million).

Particulars	For the year ended March 31, 2011
Number of shares held	3,208,829
Number of shareholders	92
Amount remitted (Rs)	10 million
Year to which dividend relates	Final dividend for 2009-10 Interim dividend for 2010-11

Particulars	For the year ended March 31, 2010
Number of shares held	7,456,306
Number of shareholders	102
Amount remitted (Rs)	7 million
Year to which dividend relates	Interim dividend for the year 2009-10

14. Earnings in foreign currency

Particulars	Rs in million	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Income from software development	14,100	11,558
Interest income	1	-
Other income	9	17
Total	14,110	11,575

15. Auditor's remuneration

Particulars	Rs in million	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Audit fees	10	9
Tax audit fee	-	-
Other services	-	-
Reimbursement of expenses	-	-
Total	10	9

16. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2011 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	Rs in million	
	For the year ended March 31, 2011	For the year ended March 31, 2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

17. Segmental reporting

The Company's operations predominantly relate to providing IT Services, PE Services and Wireless 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

Rs in million

Profit and loss statement for the year ended March 31, 2011	IT Services	PE Services	Wireless Services	Total
Revenues	8,783	5,653	654	15,090
Operating expenses, net	7,663	4,937	904	13,504
Segmental operating income	1,120	716	(250)	1,586
Unallocable expenses				517
Profit for the year before interest, other income and tax				1,069
Interest expense				4
Other income				461
Net profit before taxes				1,526
Income taxes				295
Net profit after taxes				1,231

Rs in million

Profit and loss statement for the year ended March 31, 2010	IT Services	PE Services	Total
Revenues	6,980	5,352	12,332
Operating expenses, net	5,845	4,302	10,147
Segmental operating income	1,135	1,050	2,185
Unallocable expenses			502
Profit for the year before interest, other income and tax			1,683
Interest expense			25
Other income			804
Net profit before taxes			2,462
Income taxes			381
Net profit after taxes			2,081

Geographical segments

Rs in million

Revenues	Year ended March 31, 2011	Year ended March 31, 2010
America	9,346	8,148
Europe	2,885	2,335
India	1,284	891
Rest of World	1,575	958
Total	15,090	12,332

18. Related party transactions

Name of related party	Nature of relationship
MindTree Software (Shenzhen) Co Ltd ('MSSL'), Republic of China	Subsidiary
MindTree Wireless Pte Limited, Singapore	Subsidiary
MindTree Wireless Private Limited ('MWPL'), India	Subsidiary merged with the Company effective April 1, 2010
Aztec Software Inc, USA	Subsidiary dissolved during the year*
Aztec Disha Inc, USA	Subsidiary dissolved during the year*
MindTree Benefit Trust	Dissolved during the year#
Aztec Software and Technology Services Ltd Employees Welfare Trust	Dissolved during the year#

* Refer note 26 of this schedule.

Refer note 27 of this schedule.

Transactions with the above related parties during the period were:

Rs in million			
Name of related party	Nature of transaction	Year ended March 31, 2011	Year ended March 31, 2010
MindTree Software (Shenzhen) Co Ltd	Expenses paid by MSSL	2	-
Aztec Software Inc, USA	Sub-contractor Charges	-	91
Aztec Disha Inc, USA	Income from Software development	-	113
MindTree Wireless Private Limited	Expenses incurred on behalf of MWPL	-	6
	Income from Software development	-	1
	Interest free unsecured loan	-	70

Balances receivable from related parties are as follows:

Rs in million		
Name of related party	As at March 31, 2011	As at March 31, 2010
MindTree Wireless Private Limited	-	73
MindTree Software (Shenzhen) Co Ltd	-	-

Balances payable to related parties are as follows:

Rs in million		
Name of related party	As at March 31, 2011	As at March 31, 2010
MindTree Software (Shenzhen) Co Ltd	2	-
Aztec Disha Inc, USA	-	171
Aztec Software Inc, USA	-	280

Key managerial personnel:

Mr. Ashok Soota	Executive Chairman (resigned with effect from March 31, 2011)
Mr. Subroto Bagchi	Gardener and Vice-Chairman
Mr. Krishnakumar Natarajan	CEO & Managing Director
Mr. S. Janakiraman	President & Group-CEO-PES
Dr. Albert Hieronimus	Non-executive Director of MindTree (appointed as Non-Executive Chairman with effect from April 1, 2011)
Mr. George. M. Scalise	Non executive Director of MindTree
Mr. Mark. A. Runacres	Non executive Director of MindTree
Mr. N. Vittal	Non executive Director of MindTree
Mr. R. Srinivasan	Non executive Director of MindTree
Mr. V. G. Siddhartha	Non executive Director of MindTree
Prof. David. B. Yoffie	Non executive Director of MindTree
Mr. Rajesh Subramaniam	Non executive Director of MindTree

Remuneration paid to key managerial personnel amounts to Rs 44 million (previous year: Rs 39 million). Amounts payable to directors in the nature of travel and business expenses as at March 31, 2011 amounted to Rs Nil (previous year: Rs 1 million). Dividends paid to directors amounted to Rs 24 million (previous year: Rs 10 million).

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

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

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

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Profit before taxation	1,526	2,462
Add: Depreciation and amortization as per accounts	712	611
Managerial remuneration	44	39
Provision for doubtful debts	3	23
Less: Depreciation as per Section 350*	691	611
Bad debts written off	-	292
Profit on sale of investments	-	11
Profit on sale of fixed assets	1	-
Gains on dissolution of subsidiaries	221	-
Net profit for Section 198 of the Companies Act, 1956	1,372	2,221
Managerial remuneration comprises of:**		
Salaries and allowances	24	19
Contribution to provident funds	1	1
Perquisites	4	-
Directors' sitting fees	1	-
Commission to non-executive Directors	14	19
Total	44	39

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

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

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

20. Lease Transactions

Lease rental expense under non-cancellable operating lease during the year amounted to Rs. 80 million (previous year: Rs 92 million). Future minimum lease payments under non-cancelable operating lease as at March 31, 2011 is as below:

Rs in million

Minimum lease payments	As at March 31, 2011	As at March 31, 2010
Payable -- Not later than one year	29	16
Payable -- Later than one year and not later than five years	18	-

Additionally, the Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year was Rs. 283 million (previous year: Rs 211 million).

21. Earnings per share

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

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	39,766,786	39,766,786	39,232,474	39,232,474
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,098,482	-	1,465,181
Weighted average number of equity shares for calculation of earnings per share	39,766,786	40,865,268	39,232,474	40,697,655

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

Provision for post contract support services Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	5	10
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	-	(5)
Provision as at the end of the year	5	5

Provision for discount Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	50	51
Provisions made during the year	25	43
Utilisations during the year	(11)	(30)
Released during the year	(15)	(14)
Provision as at the end of the year	49	50

Provision for foreseeable losses Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	24	-
Provisions made during the year	19	24
Utilisations during the year	(11)	-
Released during the year	(30)	-
Provision as at the end of the year	2	24

These provisions are expected to be utilized over a period of 1 to 2 years.

23. **Gratuity plan**

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

Rs in million

Particulars	As at March 31, 2011	As at March 31, 2010
Obligations at the beginning of the year	208	132

Rs in million

Particulars	As at March 31, 2011	As at March 31, 2010
Obligations acquired pursuant to business purchase and amalgamation (Refer Note 3 and 4 of this Schedule)	21	43
Service cost	54	28
Interest cost	13	13
Benefits settled	(30)	(8)
Actuarial (gain)/loss	(1)	-
Obligations at end of the year	265	208
Change in plan assets		
Plan assets at the beginning of the year, at fair value	212	132
Plans acquired pursuant to business purchase and amalgamation (Refer Note 3 and 4 of this Schedule)	15	36
Expected return on plan assets	17	13
Actuarial gain/(loss)	6	21
Contributions	37	18
Benefits settled	(30)	(8)
Plan assets at the end of the year, at fair value	257	212
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	257	212
Present value of defined obligations as at the end of the year	265	208
Asset/ (liability) recognized in the balance sheet	(8)	4
Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Gratuity cost for the year		
Service cost	54	28
Interest cost	13	13
Expected return on plan assets	(17)	(13)
Actuarial (gain)/loss	(7)	(39)
Net gratuity cost	43	(11)
Actual Return on plan assets	23	34
Assumptions		
Interest rate	7.99%	7.82%
Expected rate of return on plan assets	7.99%	7.82%
Expected rate of salary increase	10-12%	10-8-5%
Attrition rate	25.10%	12.50%
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

As at March 31, 2011, the Company has outstanding forward contracts amounting to USD 62 million and Euro 4.6 million (previous year: USD 79 million), option contracts amounting to Euro 0.3 million (previous year: USD 7 million), forward strips and leverage option contracts amounting to USD 67.5 million (previous year: USD 100 million). These derivative instruments have been entered to hedge highly probable forecast sales.

In accordance with the provisions of AS 30, derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange difference of Rs 81 million as at March 31, 2011 (previous year Rs. 115 million) has been credited to hedge reserve. Other derivative instruments that do not qualify for hedge accounting have been fair valued at balance sheet date and resultant exchange gain of Rs 136 million for the year ended March 31, 2011 (previous year: gain of Rs 981 million) has been recognized in the profit and loss account.

25. Details of investments

Details of liquid mutual fund units (scheme wise) as on March 31, 2011:

Name of the fund	Rs in million	
	Units	Amount
Birla Sunlife Short term FMP Series 8 - Dividend	3,604,824	36
Birla Sunlife Short term FMP Series 9 - Dividend	5,019,443	50
BSL Intravel Income Fund-Instl-Quarterly -series 1-Dividend	4,138,250	42
DSP BlackRock FMP 3M Series 30 -Dividend	6,500,000	65
DSP Blackrock FMP 13M Series-2-Growth	7,500,000	75
DSP BlackRock FMP 3M Series 28 Dividend	3,000,000	30
ICICI Prudential Liquid SIP - DDR	460,803	46
IDFC -Fixed Maturity 100 Days-Series-I	2,500,000	25
IDFC Fixed Maturity Yearly Series -32 Growth	3,562,025	36
IDFC Fixed Maturity Yearly series 33 Growth	4,000,000	40
L&T FMP-III(February 366DA)-Growth	4,003,460	40
Reliance Fixed Horizon Fund - XIX - Series 8 Growth	5,000,000	50
Reliance Money Manager Fund - IO-DDR	30,657	31
SBI - SHF - Ultra STF - Inst. Plan - DDR	4,524,214	45
SBI Mutual fund- 3 month Series	1,500,000	15
Tata Fixed Income Portfolio Fund Scheme C2 Reg Monthly	3,588,472	36
Tata Fixed Maturity Plan - Series 29 Scheme C - Growth	4,000,000	40
Tata Fixed Maturity Plan Series 26 Scheme C - Dividend	4,000,000	40
Tata Fixed Maturity Plan Series 28 Scheme A Dividend	4,132,052	41
Templeton India Income Opportunities Fund	5,127,565	52
Total		835

Investments purchased and sold during the year ended March 31, 2011.

Name of the fund	Rs in million	
	Units	Amount
Axis Fixed Term Plan- Series 3 (3 months) - Dividend	2,300,000	23
Birla Sun Life Cash Plus- Instl. Prem- DDR	39,373,222	394
Birla Sun Life Savings Fund- Inst.-DDR	50,919,895	510
Birla Sun Life Ultra Short Term Fund- Inst.-DDR	10,037,167	100
BSL Medium Term Plan -INSTL - Weekly Dividend -Reinvestment	3,490,557	35
DSP Black Rock Liquidity Fund -Inst. Plan-DDR	59,981	60
DSP Black Rock Money Manager Fund -Inst. Plan -DDR	212,339	213
DSP FMP 3M Series 24 Dividend	3,000,000	30
HSBC Cash Fund- Inst. Plus- DDR	92,947,977	930
HSBC Floating Rate -LTP -IO-Weekly Dividend	24,465,225	275
HSBC Ultra Short Term Bond Fund-Inst.Plus-DDR	72,125,993	730
ICICI Prudential Flexible Income Plan Premium-DDR	425,644	45
ICICI Prudential Floating Rate Plan D-DDR	5,404,179	541

Rs in million

Name of the fund	Units	Amount
ICICI Prudential Liquid Super Inst. Plan - DDR	3,409,230	341
IDFC Ultra Short Term Fund Monthly Dividend	2,986,471	30
IDFC Cash Fund-Super inst Plan C-Daily Dividend	29,442,639	294
IDFC Money Manager Fund - TP - Super Inst Planc C - DDR	27,789,174	278
IDFC Money Manager Fund-Investment Plan B-Daily Dividend	4,992,997	50
IDFC Savings Advantage Fund - Plan A - DDR	84,491	85
IDFC Ultra short Term Fund Daily Dividend	2,996,255	30
L&T FMP - I (August 125 D A) - Dividend	4,000,000	40
L&T FMP - II (December 91 D B) - Dividend	4,000,000	40
L&T Freedom Income STP Inst - DDR	2,462,160	25
L&T Liquid Inst. -DDR	10,379,289	105
Reliance Fixed Horizon Fund XV Series 3 -Dividend Plan	3,500,377	35
Reliance Liquid Fund- Treasury Plan- Inst. Option-DDR	6,214,268	95
Reliance Money Manager Fund - Institutional Option - DDR	96,213	96
Reliance Monthly Interval Fund - Series II - Inst. Div Plan	2,999,490	30
Reliance Monthly Interval Fund-Series I- Inst. Div Plan	5,999,115	60
SBNPP Money Fund Super Inst.-DDR	19,712,143	199
SBNPP Ultra ST fund Super Inst.-DDR	14,846,521	149
Sundaram Interval Fund Qly-Plan-E-Inst Div	5,000,560	50
Tata Fixed Income Portfolio Fund Scheme A2 Inst.	3,999,600	40
Tata Fixed Income Portfolio Fund Scheme A3 Inst.	3,500,458	35
Tata Floater Fund - Daily Dividend	3,558,890	36
Tata Liquid Super High Investment Fund	31,404	35
UTI- Fixed Income Interval Fund-Series II-QIP VI-Inst. Div Plan	19,327,743	193
UTI Floating Rate Fund-Short Term Plan- Inst.-DDR	80,284	80
UTI Liquid Cash Plan Institutional -DDR	194,836	199
Total		6,536

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

Rs in million

Name of the fund	Units	Amount
HDFC Cash Management Fund-TAP	18,758,957	188
ICICI Prudential Flexible Income Plan Premium - Dividend	1,914,603	203
IDFC Money Manager Fund Super Institutional Plan C -Daily Dividend	7,119,217	71
UTI Fixed Interval Fund-Monthly Interval Plan	8,000,000	80
UTI Floating Rate Fund-Short Term Plan - Daily Dividend Reinvestment	111,423	112
HSBC Ultra Short term Bond Fund Institutional Plus Daily Dividend	11,871,364	120
Templeton India Short Term Income Plan	71,165	72
Templeton Ultra Short Bond Fund	8,405,698	84
Templeton India Income Opportunities Fund	4,913,763	50
DSP Blackrock FMP 13M Series 2 Growth	7,500,000	75
Birla Sun Life Saving Fund - Institutional Daily Dividend	11,096,695	111
Birla Sun Life Floating Rate Fund LT Institutional- Weekly Dividend	10,000,272	100
Total		1,266

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

Rs in million

Name of the fund	Face value Rs	Units	Amount
Birla Sun Life Savings Fund - Institutional - Daily Dividend Reinvestment	10	63,441,967	640
DSP Black Rock - Growth Maturity	1000	74,985	75
DWS Money Fund- Institutional - Daily Dividend Plan	10	4,394,430	44
DWS Money Plus Fund-Institutional- Plan Growth	10	3,287,279	33
Fortis Money Plus Institutional Growth	10	7,333,764	97
Fortis Money Plus Institutional Plan Daily Dividend	10	9,705,722	97
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale -Daily Dividend	10	22,021,487	221
HDFC High Interest Fund- Quarterly Dividend	10	884,481	10
HDFC Liquid Fund- Dividend -Daily Reinvestment	10	36,771,195	375
HSBC Cash Fund -Institutional Plus- Daily Dividend	10	106,740,225	1,068
HSBC Floating Rate Fund-LTP-Institutional Option-Growth	10	2,244,061	31
HSBC Floating Rate Fund-LTP-Institutional Option-Weekly Dividend	10	84,525,504	922
HSBC Ultra Short Term Fund-Institutional Plus-Daily Dividend	10	53,289,597	538
ICICI Prudential Flexible Income Plan Premium -Daily Dividend	10	27,878,204	295
ICICI Prudential Flexible Income Plan-Premium	100	291,720	31
ICICI Prudential Institutional Liquid Plan-SIP- Daily Dividend	100	299,934	30
ICICI Prudential Institutional Income Plan Quarterly Dividend	10	2,526,435	31
ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend	10	26,394,193	264
IDFC Cash Fund - Institutional Plan B -Daily Dividend	10	53,120,541	539
IDFC Money Manager Fund -TP- Super Institutional Plan C -Daily Dividend	10	78,830,446	789
IDFC Money Manager Fund -TP- Super Institutional Plan C-Growth	10	7,033,054	73
JM Money Manager Fund Super Plus Daily Dividend	10	8,124,414	81
JM High Liquidity Fund - Super Institutional Plan -Growth	10	2,777,805	38
JM Money Manager Fund Super Plus Plan-Growth	10	7,280,247	81
JP Morgan India Treasury Fund Daily Dividend Plan	10	2,268,398	23
JP Morgan India Treasury Fund-SI Growth Plan	10	1,981,097	23
Reliance Medium Term Fund- Retail Plan-GP	10	4,283,854	78
Reliance Medium Term Fund-Daily Dividend Plan	10	6,390,129	109
Religare Ultra Short Term Fund-Institutional Daily Dividend	10	3,524,496	35
Religare Ultra Short Term Fund-Institutional Growth	10	2,917,814	35
Religare Short Term Plan-Institutional Daily Dividend	10	4,878,031	49
Religare Short Term Plan-Institutional Growth	10	4,079,035	49
SBNPP Money Fund Institutional Daily Dividend Reinvestments	10	11,292,384	114
SBNPP Ultra ST Fund Institutional Dividend Reinvestments Daily	10	28,504,568	286
Tata Floater Fund-Daily Dividend	10	20,059,185	201
Tata Floater Fund-Growth	10	2,382,849	31
TATA Liquid Super High Investment Fund-Daily Dividend	1000	192,908	215
TATA Treasury Manager Ship Daily Dividend	1000	133,641	135
Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	10	20,740,359	208
Templeton Floating Rate Dividend Reinvestment	10	8,220,436	85
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	1000	312,290	313
Templeton India Ultra Short Bond Fund-Growth Plan	10	7,382,405	83
UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	1000	218,256	223
UTI Floating Rate Fund -Short Term Plan -Institutional Daily Dividend Plan -Reinvestment	1000	251,759	252
UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	1000	137,330	140
UTI Treasury Advantage Fund-IP Daily Dividend	1000	34,099	34
UTI Treasury Advantage Fund-IP Growth	1000	28,861	34
Total			9,158

26. During the year, the Company has dissolved its two subsidiaries viz., Aztecsoft Disha Inc and Aztec Software Inc. Pursuant to the dissolution, the surplus in excess of the book value of investment in the subsidiaries amounting to Rs 221 million has been recognised as other income in the profit and loss account.
27. During the year, MindTree Benefit Trust and Aztec Software and Technology Services Limited Employees' Welfare Trust were dissolved as per the resolution passed by the trustees. Consequently, the funds available with these trusts amounting to Rs 85 million were received by the Company. Since these funds were primarily in the nature of capital surplus, the Company has credited the above amount to capital reserve.
28. Pursuant to the merger of MWPL with the Company w.e.f, April 1, 2010, the current year figures are not comparable with the corresponding figures of the previous year.
29. Corresponding figures for previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report attached

For MindTree Limited

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

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 21, 2011

Place: Bangalore
Date: April 21, 2011

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

1	Name of the subsidiary	1. MindTree Software (Schenzhen) Co Ltd 2. MindTree Wireless Pte Ltd
2	Financial year ended	March 31, 2011
3	Holding company's interest	1. 100% in MindTree Software (Schenzhen) Co Ltd 2. 100% in MindTree Wireless Pte Ltd
4.	The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company	
	a. Dealt with or provided for in the accounts of the holding company	Nil
	b. Not dealt with or provided for in the accounts of the holding company	1. MindTree Software (Schenzhen) Co Ltd - Loss of Rs 2 Million 2. MindTree Wireless Pte Ltd - Nil
5	The net aggregate of the profit or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company	
	a. Dealt with or provided for in the accounts of the holding company	Nil
	b. Not dealt with or provided for in the accounts of the holding company	1. MindTree Software (Schenzhen) Co Ltd - Loss of Rs 1 Million 2. MindTree Wireless Pte Ltd - Nil

For MindTree Limited

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Place: Bangalore
Date: April 21, 2011

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

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

Registration No:	25564
State Code	08
Balance Sheet Date:	March 31, 2011

Rs. in Millions

2 Capital raised during the year

Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private Placement	Nil
Offer of shares under Employees Stock Option Plan	5

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

Total Liabilities	7,810
Total Assets	7,810

Sources of Funds

Paid up Capital	400
Reserves and Surplus	7,364
Unsecured Loans	46

Application of Funds

Net Fixed Assets	3,034
Investments	1,135
Net Current Assets	3,425
Deffered Tax Assets	216
Misc Expenditure	Nil
Accumulated losses	Nil

4 Performance of Company

Income from Software development	15,090
Other Income	461
Total Income	15,551
Total Expenditure	14,025
Profit Before Tax	1,526
Profit After Tax	1,231
Earning per share (basic) (in Rs)	30.93
Earning per share (diluted) (in Rs)	30.10
Dividend Rate (%)	25

5 Generic Names of principal products /services of Company

Item Code:	85249009.10
Product Description	Computer software

for MindTree Limited

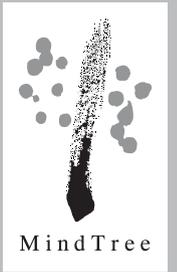
Subroto Bagchi
Vice Chairman

N Krishnakumar
CEO & Managing Director

Place: Bangalore
Date: April 21, 2011

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary



Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MINDTREE LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated balance sheet of MindTree Limited ('MindTree' or 'the Company') and its subsidiaries (collectively called 'the MindTree Group') as at March 31, 2011, 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, 2011;
- b) in the case of the consolidated profit and loss account, of the profit of the MindTree Group for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows of the MindTree Group for the year ended on that date.

For **B S R & Co.**

Chartered Accountants

Firm registration No. 101248W

Supreet Sachdev

Partner

Membership No. 205385

Bangalore

April 21, 2011

Consolidated Balance Sheet

	<u>Schedule</u>	<u>As at March 31, 2011</u>	<u>(Rs in Million) As at March 31, 2010</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	400	395
Reserves and surplus	2	7,362	6,311
		<u>7,762</u>	<u>6,706</u>
Loan funds			
Unsecured loans	3	46	31
		<u>7,808</u>	<u>6,737</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	5,624	5,133
Less: Accumulated depreciation		<u>(2,618)</u>	<u>(2,521)</u>
Net block		3,006	2,612
Capital work-in-progress		28	247
		<u>3,034</u>	<u>2,859</u>
Goodwill	15(5)	-	154
Investments	5	1,112	1,442
Deferred tax assets, net	15(8)	216	214
Current assets, loans and advances			
Sundry debtors	6	2,825	2,370
Cash and bank balances	7	459	403
Loans and advances	8	2,506	1,898
		<u>5,790</u>	<u>4,671</u>
Current liabilities and provisions			
Current liabilities	9	1,814	2,114
Provisions	10	530	489
Net current assets		<u>3,446</u>	<u>2,068</u>
		<u>7,808</u>	<u>6,737</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 **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: April 21, 2011

Subroto Bagchi
Vice Chairman

Rostow Ravanan
Chief Financial Officer

Place: Bangalore
Date: April 21, 2011

For **MindTree Limited**

N. Krishnakumar
CEO & Managing Director

Rajesh Srichand Narang
Company Secretary

Consolidated Profit and Loss Account

	<u>Schedule</u>	(Rs in Million except per share data)	
		For the year ended March 31, 2011	For the year ended March 31, 2010
Income from software development		15,090	12,960
Cost of services and sales	11	10,145	8,006
Administrative and other expenses	12	3,167	2,498
		<u>13,312</u>	<u>10,504</u>
Operating profit before interest, depreciation, other income and tax		1,778	2,456
Interest	13	4	27
Depreciation and amortisation	4 & 15(5)	712	652
Operating profit before tax and other income		1,062	1,777
Other income	14	242	770
Profit before tax		1,304	2,547
Provision for taxation		291	380
Deferred tax charge/ (credit)		(3)	29
MAT credit entitlement		-	(10)
Net profit after tax		1,016	2,148
Balance in profit and loss account brought forward		4,237	2,435
Amalgamation adjustments	15(4)	(31)	-
Amount available for appropriation		<u>5,222</u>	<u>4,583</u>
Dividend			
Interim		50	39
Proposed		50	79
Total dividend		<u>100</u>	<u>118</u>
Dividend tax		17	20
Amount transferred to general reserve		123	208
Balance in profit and loss account carried forward		<u>4,982</u>	<u>4,237</u>
Earnings per share	15(13)		
(Equity shares, par value Rs 10 each)			
Basic		25.53	54.77
Diluted		24.85	52.79
Weighted average number of shares used in computing earnings per share			
Basic		39,766,786	39,232,474
Diluted		40,865,268	40,697,655
Significant accounting policies and notes to the accounts	15		

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

As per our report attached

For MindTree Limited

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

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ramanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 21, 2011

Place: Bangalore
Date: April 21, 2011

Consolidated cash flow statement

	For the year ended March 31, 2011	(Rs in Million) For the year ended March 31, 2010
Cash flow from operating activities		
Profit before tax	1,304	2,547
Adjustments for :		
Depreciation & amortisation	712	652
Amortization of stock compensation	-	5
Interest expense	4	26
Interest/dividend income	(69)	(50)
(Profit)/Loss on sale of fixed assets	(1)	1
Profit on sale of investments	-	(11)
Exchange difference on derivatives	(136)	(1,113)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(4)	8
Operating profit before working capital changes	<u>1,810</u>	<u>2,065</u>
(Increase)/decrease in sundry debtors	(455)	454
(Increase)/decrease in loans and advances	(314)	1
(Decrease)/increase in current liabilities and provisions	(75)	218
Net cash provided by operating activities before taxes	<u>966</u>	<u>2,738</u>
Income taxes paid	(533)	(436)
Net cash provided by operating activities	<u><u>433</u></u>	<u><u>2,302</u></u>
Cash flow from investing activities		
Purchase of fixed assets	(840)	(457)
Proceeds from sale of fixed assets	4	5
Purchase of business/acquisition	-	(293)
Interest/dividend received from investments	61	50
Purchase of investments	(7,318)	(10,509)
Sale/maturities of investments	7,710	10,200
Net cash used in investing activities	<u><u>(383)</u></u>	<u><u>(1,004)</u></u>
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	139	94
Interest paid on loans	(2)	(27)
Repayment of loans	-	(516)
Proceeds/(repayments) of other loans, net	15	(847)
Dividends paid (including distribution tax)	(150)	(46)
Net cash provided by/(used in) financing activities	<u><u>2</u></u>	<u><u>(1,342)</u></u>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	4	(8)
Net increase/ (decrease) in cash and cash equivalents	<u><u>56</u></u>	<u><u>(52)</u></u>
Cash and cash equivalents of MindTree Wireless Private Limited as on the date of acquisition (Refer Note 4 of Schedule 15)	-	76
Cash and cash equivalents at the beginning of the period	403	379
Cash and cash equivalents at the end of the period*	<u><u>459</u></u>	<u><u>403</u></u>

*Refer Schedule 7

As per our report attached

For MindTree Limited

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

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 21, 2011

Place: Bangalore
Date: April 21, 2011

Schedules to the consolidated balance sheet

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
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)	<u>796</u>	<u>796</u>
Issued, subscribed and paid-up capital		
40,035,187 equity shares of Rs 10 each fully paid (previous year: 39,514,994 equity shares of Rs 10 each (of the above equity shares, 1,300,965 equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 201.05 to the shareholders of erstwhile Aztecsoft Limited for consideration other than cash pursuant to the scheme of amalgamation)	<u>400</u>	<u>395</u>
	<u><u>400</u></u>	<u><u>395</u></u>
For details of options, in respect of the above equity shares, refer to Note 7 of Schedule 15		
2. Reserves and surplus		
Capital reserve		
At the commencement of the year	2	-
Additions during the year (Refer Note 18 of Schedule 15)	<u>85</u>	<u>2</u>
	87	2
Securities premium account		
At the commencement of the year	1,497	2,552
Additions during the year		
Allotment of shares to shareholders of Aztecsoft Limited in accordance with the scheme of Amalgamation (Refer Note 3 of Schedule 15)	-	262
On exercise of employee stock options	<u>134</u>	<u>90</u>
	1,631	2,904
Deductions during the year		
Adjustment of goodwill arising on amalgamation of Aztecsoft Limited in accordance with scheme of amalgamation. (Refer Note 3 of Schedule 15)	-	(1,407)
	<u>1,631</u>	<u>1,497</u>
General reserve		
At the commencement of the year	410	202
Add: Transfer from profit and loss account	<u>123</u>	<u>208</u>
	533	410
Stock option outstanding account	48	50
Add: Deferred employee compensation expense	<u>-</u>	<u>(2)</u>
	48	48
Hedge reserve (Refer Note 16 of Schedule 15)		
At the commencement of the year	117	(99)
Additions during the year	<u>(36)</u>	<u>216</u>
	81	117
Balance in profit and loss account	<u>4,982</u>	<u>4,237</u>
	<u><u>7,362</u></u>	<u><u>6,311</u></u>
3. Unsecured loans		
Council for Scientific and Industrial Research	<u>46</u>	<u>31</u>
	<u><u>46</u></u>	<u><u>31</u></u>

Schedules to the consolidated balance sheet (continued)

4. Fixed assets	(Rs in Million)									
	As at April 1, 2010	As at April 1, 2011	Gross block		Accumulated depreciation		Net book value			
Assets	As at April 1, 2010	As at March 31, 2011	Additions during the year	Deletions/ (Adjustments) during the year*	As at April 1, 2010	For the year ending March 31, 2011	Deductions/ (Adjustments) during the year*	As at March 31, 2011	As at March 31, 2010	
Tangible assets										
Leasehold land	425	425	-	-	35	12	-	47	378	
Buildings	1,511	1,627	116	-	119	55	-	174	1,453	
Leasehold improvements	797	1,011	219	5	396	157	5	548	463	
Computer systems (including software)	1,338	1,542	406	202	1,189	239	201	1,227	315	
Test equipment	413	203	149	359	359	70	359	70	133	
Furniture and fixtures	134	142	15	7	89	26	7	108	34	
Electrical installations	164	210	49	3	110	47	3	154	56	
Office equipment	346	386	60	20	222	71	18	275	111	
Motor vehicles	5	3	-	2	2	1	1	2	1	
Plant and machinery	-	8	8	-	-	1	-	1	7	
Total (A)	5,133	5,557	1,022	598	2,521	679	594	2,606	2,951	
Intangible assets										
Intellectual property#	-	67	67	-	-	12	-	12	55	
Total (B)	-	67	67	-	-	12	-	12	55	
Total (A+B)	5,133	5,624	1,089	598	2,521	691	594	2,618	3,006	
Previous year	4,941	5,133	978	786	2,109	652	240	2,521	2,612	

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

*Includes adjustments on account of amalgamation of MindTree Wireless Private Limited with the Company. Refer Note 4 of Schedule 15.

Refer note 6 of Schedule 15

Schedules to the consolidated balance sheet (continued)

				(Rs in Million)	
				As at	As at
				March 31, 2011	March 31, 2010
5. Investments					
A. Long-term investments					
	Trade-Unquoted (fully paid equity shares)				
	2,400 (previous year: 2,400) equity shares in Career Community.com Limited			1	1
	643,790 (previous year: 643,790) Series A Convertible Preferred Stock at US\$ 0.0001 each fully paid at a premium of US \$ 0.2557 each in 30 Second Software Inc			7	7
				<u>8</u>	<u>8</u>
	Less: Provision for diminution in the value of investments			1	1
				<u>7</u>	<u>7</u>
B. Current investments					(Rs in Million)
		Number of Units as at		As at	As at
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
I Non-Trade Investments - quoted					
	(valued at lower of cost or market value)				
	HDFC Mutual Fund	-	18,758,957	-	188
	(158,663 units purchased / 18,917,620 units redeemed during the year)				
	ICICI Prudential Mutual Fund	460,803	1,914,603	46	202
	(9,728,971 units purchased / 11,182,771 units redeemed during the year)				
	IDFC Mutual Fund	10,062,025	7,119,217	101	71
	(78,622,347 units purchased / 75,679,539 units redeemed during the year)				
	UTI Mutual Fund	-	8,111,422	-	192
	(20,173,928 units purchased / 28,285,350 units redeemed during the year)				
	HSBC Mutual Fund	-	11,871,364	-	120
	(189,797,287 units purchased / 201,668,651 units redeemed during the year)				
	Franklin Templeton Mutual Fund	5,127,565	13,390,626	52	206
	(336,577 units purchased / 8,599,638 units redeemed during the year)				
	DSP Blackrock Mutual Fund	17,000,000	7,500,000	170	75
	(12,772,821 units purchased / 3,272,821 units redeemed during the year)				
	Birla Sun Life Mutual Fund	12,762,517	21,096,967	128	211
	(117,111,410 units purchased / 125,445,860 units redeemed during the year)				
	Reliance Mutual Fund	5,030,657	-	81	-
	(24,042,816 units purchased / 19,012,159 units redeemed during the year)				
	Tata Mutual Fund	15,720,524	-	157	-
	(27,017,356 units purchased / 11,296,832 units redeemed during the year)				
	L&T Mutual Fund	4,003,460	-	40	-
	(24,877,464 units purchased / 20,874,004 units redeemed during the year)				
	SBI Mutual Fund	6,024,214	-	60	-
	(6,024,214 units purchased / Nil units redeemed during the year)				
				<u>835</u>	<u>1,265</u>

Schedules to the consolidated balance sheet (continued)

<i>Description</i>	(Rs in Million)	
	As at March 31, 2011	As at March 31, 2010
	<u>Market Value</u>	
HDFC Mutual Fund	-	188
ICICI Prudential Mutual Fund	46	203
IDFC Mutual Fund	104	71
UTI Mutual Fund	-	192
HSBC Mutual Fund	-	120
Franklin Templeton Mutual Fund	53	207
DSP Blackrock Mutual Fund	176	75
Birla Sun Life Mutual Fund	129	211
Reliance Mutual Fund	81	-
Tata Mutual Fund	160	-
L&T Mutual Fund	41	-
SBI Mutual Fund	61	-
	<u>851</u>	<u>1,267</u>
 II. Non-Trade Investments - unquoted (Term Deposits)		
HDFC Limited	170	120
Janalakshmi Financial Services Private Limited	100	50
	<u>270</u>	<u>170</u>
	<u>1,112</u>	<u>1,442</u>
 Aggregate amount of quoted investments	 835	 1,265
Aggregate market value of quoted investments	851	1,267
Aggregate amount of unquoted investments	277	177

Schedules to the consolidated balance sheet (continued)

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
6. Sundry debtors		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months		
- considered good	24	9
- considered doubtful	35	37
Other debts considered good	2,801	2,361
Less: Provision for doubtful debts	35	37
	<u>2,825</u>	<u>2,370</u>
7. Cash and bank balances		
Cash on hand	-	-
Balances with scheduled banks		
Current accounts	77	41
Deposit accounts	248	201
Balances with non-scheduled banks - in current accounts		
HSBC Bank , Swindon, UK	13	8
Bank of Tokyo, Mitsubishi	3	3
Silicon Valley Bank, USA	70	73
HSBC, Dubai	4	4
HSBC, Germany	10	8
UBS, Basel	2	1
HSBC, Australia	4	10
HSBC, Singapore	20	6
HSBC, Netherlands	2	3
National Westminster Bank, UK	-	1
Wells Fargo, Seattle, USA	-	16
HSBC, Canada	3	6
SCB, Republic of China	3	22
	<u>459</u>	<u>403</u>
Maximum amount outstanding at any time during the year with non-scheduled banks is as under:		
in current accounts		
Wachovia Bank, N.A., USA	-	73
HSBC Bank, Swindon, UK	59	40
Deutsche Bank, Singapore	-	1
Bank of Tokyo, Mitsubishi	20	30
Silicon Valley Bank, USA	696	711
HSBC Dubai	15	21
HSBC Germany	13	16
UBS, Basel	2	2
HSBC, Australia	30	25
HSBC, Singapore	68	39
HSBC, Netherlands	10	10
Bank of America, California, USA	-	45
Wells Fargo, Seattle, USA	150	106
National Westminster Bank, UK	1	1
HSBC, Canada	10	6
SCB, Republic of China	23	22
in deposit accounts		
Silicon Valley Bank, California, U.S.A	-	1

Schedules to the consolidated balance sheet (continued)

	As at March 31, 2011	(Rs in Million) As at March 31, 2010
8. Loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received	1,120	865
Interest accrued	18	10
Unbilled revenue	437	373
Advance tax and tax deducted at source, net of provision for taxes	823	545
MAT credit entitlement	108	105
<i>(Unsecured, considered doubtful)</i>		
Advances recoverable in cash or in kind or for value to be received	13	26
Less: Provision for doubtful advances	(13)	(26)
	<u>2,506</u>	<u>1,898</u>
9. Current liabilities		
Advances from customers	46	39
Interest accrued but not due	2	-
Unearned revenue	41	67
Sundry creditors		
Expenses	98	87
Capital goods	69	39
Other liabilities	1,468	1,840
Unclaimed dividend	3	2
Book overdraft	87	40
	<u>1,814</u>	<u>2,114</u>
10. Provisions		
Post contract support services	5	5
Provision for discount	49	50
Provision for foreseeable loss on contracts	2	24
Proposed dividend	50	79
Provision for gratuity	8	3
Compensated absences	179	125
Provision for		
tax on dividend	8	13
taxes	229	190
	<u>530</u>	<u>489</u>

Schedules to the consolidated profit and loss account

	(Rs in Million)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
11. Cost of services and sales		
Salary and allowances	7,443	5,909
Contribution to provident and other funds	697	524
Staff welfare	86	61
Travel and conveyance	743	525
Communication expenses	46	44
Sub-contractor charges	457	340
Software purchases	59	43
Computer consumables	282	311
Rent	246	230
Post contract support services	-	(5)
Provision for foreseeable loss on contracts	(11)	24
Consumables	3	-
Outsourced technical services	94	-
	<u>10,145</u>	<u>8,006</u>
12. Administrative and other expenses		
Salary and allowances	1,555	1,287
Contribution to provident and other funds	72	61
Travel and conveyance	206	136
Power and fuel	169	158
Rent	117	97
Lease rentals/charges	61	20
Telephone charges	84	82
Printing and stationery	19	18
Office maintenance	114	69
Staff training expenses	50	35
Advertisement	6	3
Bank charges	7	6
Insurance	21	21
Rates and taxes	4	37
Auditor's remuneration	10	10
Recruitment expenses	173	57
Repairs and maintenance		
- Plant and machinery	14	16
- Others	44	8
Marketing expenses	106	66
Donations	2	3
Legal and professional expenses	182	144
Loss on sale of fixed assets	-	1
Provision for bad and doubtful debts	3	24
Bad debts written off	-	39
Provision and write off of doubtful advances	41	6
Miscellaneous expenses	107	94
	<u>3,167</u>	<u>2,498</u>
13. Interest		
Interest on term loans	2	12
Interest on short term credit/finance charges	2	15
	<u>4</u>	<u>27</u>
14. Other income		
Interest on deposits	28	14
Profit on sale of investments	-	11
Profit from sale of fixed assets, net	1	-
Dividend from investments	41	36
Exchange gain, net	156	674
Bad debts recovered	-	16
Liabilities no longer required written back	4	14
Miscellaneous income	12	5
	<u>242</u>	<u>770</u>

Schedule 15 - Significant accounting policies and notes to the accounts for the year ended March 31, 2011

1. Background

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

The Group is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Japan, Singapore, Australia, Germany, Switzerland, Sweden, UAE, Netherlands, Canada, France and Republic of China.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of MindTree and its subsidiaries as set out below.

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

The financial statements of MindTree and its wholly owned and controlled subsidiaries have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/ transactions and the resultant unrealized gain/loss from the date the parent company acquired control of those subsidiaries.

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

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles

('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.4 Fixed assets and depreciation

2.4.1 Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

2.4.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are stated at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Group.

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

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

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

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

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

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

2.5 Investments

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

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

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

2.6 Cash and cash equivalents

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

2.7 Cash flow statement

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

2.8 Employee benefits

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

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

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

2.9 Revenue recognition

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

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

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

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

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

2.10 Foreign exchange transactions

2.10.1 The Group is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from

fluctuations in currency rates, the Group enters into foreign exchange forward contracts and other derivative instruments.

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

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

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

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

2.10.6 For forward exchange contracts and other derivatives that are not covered by AS 11 and that relate to a firm commitment or highly probable forecasted transactions, the Group has adopted Accounting Standard ('AS') 30, 'Financial Instruments: Recognition and Measurement' which is recommendatory with effect from April 1, 2009. In accordance with AS 30, such derivative financial instruments, which qualify for cash flow hedge accounting and where Group has met all the conditions of cash flow hedge accounting, are fair valued at balance sheet date and the resultant exchange loss/(gain) is debited/credited to the hedge reserve until the transaction is completed. Other derivative instruments are recorded at fair value at the reporting date and the resultant exchange loss/(gain) has been debited/credited to profit and loss account.

2.11 Warranties

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

2.12 Provision and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that

may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

2.13 Taxation

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

Minimum alternate tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet if there is convincing evidence that the Group will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. MAT credit entitlement can be carried forward and utilized for a period of ten years from the period in which such credit is availed.

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

2.14 Earnings per share

In determining earnings per share, the Group considers the 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.

2.15 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying

amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized. In respect of goodwill, impairment loss will be reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

2.16 Employee stock options

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

2.17 Goodwill

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

3. Acquisition and amalgamation of Aztecsoft Limited

The Company had acquired 36,441,595 equity shares of Aztecsoft Limited ('Aztec'), a Company listed on recognized stock exchanges in India in the fiscal year 2008-09 for a consideration of Rs 2,920 million. Consequent to the acquisition of these shares, Aztec became a subsidiary of the Company. As at March 31, 2009, the Company held 79.9% of outstanding equity shares of Aztec.

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

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

Following were the salient features of the scheme:

- a) 36,441,595 equity shares held by the Company in Aztec and 2,010,751 equity shares held by Aztec Software and Technology Services Limited Employees Welfare Trust were cancelled and extinguished, from the effective date of the scheme. Further 1,300,965 equity shares of the Company were issued to the erstwhile minority shareholders of Aztec holding 7,155,306 equity shares in Aztec based on the swap ratio of 2 equity shares in the Company for every 11 equity shares held in Aztec considering the market value of Rs. 211.05 per share of the Company as at April 1, 2009. The additional consideration thus paid to the minority shareholders of erstwhile Aztec amounted to Rs 275 million. Accordingly, the total consideration for the transaction amounted to Rs 3,195 million.
- b) All the assets and liabilities of Aztec were recorded in the books of the Company at their carrying amounts as on April 1, 2009. The net worth of Aztec as at the date of acquisition on initial control amounted to Rs 1,746 million.
- c) Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Karnataka, the goodwill of Rs 1,407 million resulting from the aforesaid amalgamation was adjusted against the securities premium account of the Company.

4. Acquisition and amalgamation of MindTree Wireless Private Limited

- a) During the previous year, the Company acquired 412,500

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

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

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

Following are the salient features of the Scheme:

- 412,500 equity shares held by the Company in MWPL were cancelled and extinguished, from the effective date of the Scheme.
- All the assets and liabilities of MWPL are recorded in the books of the Company at their respective book value as on April 1, 2010.
- All the profits, income, expenditure, losses accruing to MWPL with effect from the Appointed Date shall be treated as the profits or income or expenditure or losses, as the case may be, of the Company.

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

5. Impairment of goodwill

The management has assessed whether there is an indication that the goodwill may be impaired. Considering the restructuring of business model i.e. conversion of wireless products business into a design service business and expected decline in the future revenues of MWPL, the entire goodwill arising on amalgamation amounting to Rs 21 million is considered to be impaired and an impairment loss to that extent has been recognized and disclosed under depreciation and amortisation.

6. Purchase of assets

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

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

7. Employee stock options

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

Program 1 [ESOP 1999]

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

Outstanding options as at April 1, 2010	14,888
Granted during the year	-
Exercised during the year	10,800
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	4,088
Options vested and exercisable as at March 31, 2011	4,088

Program 2 [ESOP 2001]

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

Outstanding options as at April 1, 2010	183,877
Granted during the year	-
Exercised during the year	54,473
Lapsed during the year	2,641
Forfeited during the year	-
Outstanding options as at March 31, 2011	126,763
Options vested and exercisable as at March 31, 2011	126,763

Program 3 [ESOP 2006 (a)]

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

Outstanding options as at April 1, 2010	195,916
Granted during the year	-
Exercised during the year	94,893
Lapsed during the year	7,295
Forfeited during the year	10,180
Outstanding options as at March 31, 2011	83,548
Options vested and exercisable as at March 31, 2011	83,408

Program 4 [ESOP 2006 (b)]

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

Outstanding options as at April 1, 2010	2,658,934
Granted during the year	183,500
Exercised during the year	296,095
Lapsed during the year	39,393
Forfeited during the year	198,000
Outstanding options as at March 31, 2011	2,308,946
Options vested and exercisable as at March 31, 2011	1,459,494

Program 5 [ESOP 2008A]

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

Outstanding options as at April 1, 2010	233,472
Granted during the year	-
Exercised during the year	16,411
Lapsed during the year	49,797
Forfeited during the year	17,046
Outstanding options as at March 31, 2011	150,218
Options vested and exercisable as at March 31, 2011	135,868

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

Options under this program have been granted to independent directors at an exercise price of Rs 483.80 per option. All stock options vest equally over three year vesting term at the end of 1, 2 and 3 years respectively from the date of the grant and become fully exercisable. Each option is entitled to 1 equity share of Rs 10 each. The contractual life of each option is 4 years after the date of the grant.

Outstanding options as at April 1, 2010	97,521
Granted during the year	115,000
Exercised during the year	47,521
Lapsed during the year	-
Forfeited during the year	-
Outstanding options as at March 31, 2011	165,000
Options vested and exercisable as at March 31, 2011	33,333

Program 7 [(ESOP 2010 (A))]

In-principle approvals for administering the seventh stock option program i.e. ESOP 2010 (A) has been received from the BSE and NSE during the year for 1,135,000 equity shares of Rs. 10/-. No options have been granted under the program as at March 31, 2011.

The weighted average exercise price of options exercised during the year ended March 31, 2011 is Rs 10 under program 1, Rs 50 under program 2, Rs 250 under program 3, Rs 357.18 under program 4, Rs 394.65 under program 5 and Rs 483.80 under DSOP 2006.

The weighted average exercise price for stock options exercised during the year ended March 31, 2011 was Rs 267.84. The options outstanding at March 31, 2011 had a weighted average exercise price of Rs 349.15 and a weighted average remaining contractual life of 2.12 years.

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

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

Particulars	Rs in million except EPS data	
	Year ended March 31, 2011	Year ended March 31, 2010
Net profit as reported	1,016	2,148
Add: Stock-based employee compensation expense (intrinsic value method)	-	5
Less: Stock-based employee compensation expense (fair value method)	67	96
Pro forma net profit	949	2,057
Basic earnings per share as reported	25.53	54.77
Pro forma basic earnings per share	23.85	52.45
Diluted earnings per share as reported	24.85	52.79
Pro forma diluted earnings per share	23.21	50.56

The weighted average fair value of each option of MindTree granted during the year ended March 31, 2011, estimated on the date of grant was Rs 373.73 using the Black-Scholes model with the following assumptions:

Grant date share price	Rs. 511 - Rs. 560
Exercise price	Rs. 511 - Rs. 560
Dividend yield%	0.18% - 0.20%
Expected life	3-5 years
Risk free interest rate	7.23% - 7.81%
Volatility	91.66% - 92.98%

8. Provision for taxation

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

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

Rs in million

Particulars	As at March 31, 2011	As at March 31, 2010
Excess of depreciation as per books over depreciation allowed under Income Tax Act, 1961	176	171
Provision for doubtful debts	5	13
Compensated absence	33	26
Provision for post contract support services	2	2
Provision for gratuity	-	2
Total deferred tax assets	216	214

9. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2011 is Rs 122 million (previous year: Rs 382 million).
- Guarantees given by Group's bankers as at March 31, 2011 are Rs.80 million (previous year: Rs 123 million).
- As of the balance sheet date, the Group's net foreign currency exposure that are not hedged by a derivative instrument or otherwise is Rs 2,455 million (previous year: Rs 2,062 million).
- The Group has received orders for the financial years 2000-01, 2004-05, 2005-06 and 2006-07 wherein demand of Rs 1 million, Rs 6 million, Rs 51 million and Rs 32 million respectively has been raised against the Group on account of certain disallowances, adjustments made by the income tax department. A significant portion of this amount arises from the manner of adjustment of brought forward losses in arriving at the taxable profits of the Group except for financial year 2000-01 wherein the AO has held that interest receipts are not eligible for deduction under section 10B and that losses from export earnings cannot be set off against other income. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the consolidated financial statements. The Group has filed an appeal against the demands received.

During the current year, the Group has received an assessment order for financial year 2007-08 from the DCIT with a demand amounting to Rs 42 million on account of certain disallowances / adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the consolidated financial statements. The Group has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals). The Group has not deposited the amount of demand with the department.

- On January 2, 2010, the Group has received an assessment order for the financial year 2006-07 for the erstwhile subsidiary i.e. MindTree Technologies Private Limited ('MTPL') from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs. 11 million on account of certain disallowances/ adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the consolidated financial statements. The Group has filed an appeal against the demand received. The Group has not deposited the amount of demand with the department.

During the current year, the Group has received an assessment order for financial year 2007-08 pertaining to MTPL from the Deputy Commissioner of Income-tax ('DCIT') with a demand

amounting to Rs. 10 million on account of certain disallowances / adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the consolidated financial statements. The Group has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals). The Group has not deposited the amount of demand with the department.

- The Group has received orders under Section 143(3) of the Income-tax Act 1961 which pertain to erstwhile Aztecsoft Limited for the financial years 2001-02, 2002-03, 2003-04 and 2004-05 wherein demand of Rs 91 million, Rs 49 million, Rs 61 million and Rs 28 million respectively has been raised against the Group. These demands have arisen mainly on account of transfer pricing adjustments made in the order. The Group has not accepted these orders and had been advised by its legal counsel/ advisors to prefer appeals before the Commissioner of Income Tax (Appeals).

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

The Group has appealed against the demands received for financial year 2002-03, 2003-04 and 2004-05. Based on favourable order received by the Group for the financial year 2001-02 and an evaluation of the facts and circumstances, no provision has been made against the above orders in the consolidated financial statements.

During the current year, the Group has received an assessment order and a draft assessment order pertaining to Aztecsoft Limited for the financial years 2005-06 and 2006-07 wherein demand of Rs 58 million and 112 million respectively has been raised against the Group. The demands have arisen mainly on account of transfer pricing adjustment and certain other disallowances/adjustments. The Group has appealed against the demands received. Based on favourable order received by the Group for the financial year 2001-02 and an evaluation of the facts and circumstances, no provision has been made against the above orders in the consolidated financial statements.

- During the current year, the Group has received an assessment order for FY 2006-07 for the erstwhile subsidiary MindTree Wireless Private Limited from the Assistant Commissioner of Income-tax ('ACIT') with a demand amounting to Rs 39 million on account of certain other disallowances/ Transfer Pricing adjustments made by income tax department. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements for the year ended March 31, 2011. The Group has filed an appeal with CIT Appeals against the demand received. The Group has deposited Rs 5 Million with the department against this demand.

10. Segmental reporting

The Group's operations predominantly relate to providing IT Services, PE Services and Wireless 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

Rs in million

Consolidated Profit and loss statement for the year ended March 31, 2011	IT Services	PE Services	Wireless Services	Total
Revenues	8,783	5,653	654	15,090
Operating expenses, net	7,663	4,940	904	13,507
Segmental operating income	1,120	713	(250)	1,583
Unallocable expenses				517
Profit for the year before interest, other income and tax				1,066
Interest expense				4
Other income				242
Net profit before taxes				1,304
Income taxes				288
Net profit after taxes				1,016

Rs in million

Consolidated Profit and loss statement for the year ended March 31, 2010	IT Services	PE Services	Wireless Services	Total
Revenues	6,980	5,543	437	12,960
Operating expenses, net	5,843	4,415	359	10,617
Segmental operating income	1,137	1,128	78	2,343
Unallocable expenses				539
Profit for the year before interest, other income and tax				1,804
Interest expense				27
Other income				770
Net profit before taxes				2,547
Income taxes				399
Net profit after taxes				2,148

Geographical segments

Rs in million

Revenues	Year ended March 31, 2011	Year ended March 31, 2010
America	9,346	8,523
Europe	2,885	2,335
India	1,284	892
Rest of World	1,575	1,210
Total	15,090	12,960

11. Related party transactions**Key managerial personnel:**

Mr. Ashok Soota	Executive Chairman (resigned with effect from March 31, 2011)
Mr. Subroto Bagchi	Gardener and Vice-Chairman
Mr. N .Krishnakumar	CEO & Managing Director
Mr. S. Janakiraman	President & Group-CEO-PES
Dr. Albert Hieronimus	Non-executive Director of MindTree (appointed as Non-Executive Chairman with effect from April 1, 2011)
Mr. George M. Scalise	Non executive Director of MindTree
Mr. Mark A. Runacres	Non executive Director of MindTree
Mr. N. Vittal	Non executive Director of MindTree
Mr. R. Srinivasan	Non executive Director of MindTree
Mr. V.G. Siddhartha	Non executive Director of MindTree
Prof. David B. Yoffie	Non executive Director of MindTree
Mr. Rajesh Subramaniam	Non executive Director of MindTree

Remuneration paid to key managerial personnel amounts to Rs. 44 million (previous year: Rs 39 million). Amounts payable to directors in the nature of travel and business expenses as at March 31, 2011 amounted to Rs.Nil (previous year: Rs 1 million). Dividends paid to directors amounted to Rs 24 million (previous year: Rs 10 million).

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

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

12. Lease Transactions

Lease rental expense under non-cancellable operating lease during the year amounted to Rs. 80 million (previous year: Rs 93 million). Future minimum lease payments under non-cancelable operating lease as at March 31, 2011 is as below:

Minimum Lease Payments	Rs in million	
	As at March 31, 2011	As at March 31, 2010
Payable -- Not later than one year	29	25
Payable -- Later than one year and not later than five years	18	18

Additionally, the Group leases office facilities and residential facilities under cancelable operating leases. The rental expense under cancellable operating lease during the year was Rs. 284 million (previous year: Rs 234 million).

13. Earnings per share

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

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the year	39,766,786	39,766,786	39,232,474	39,232,474
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	1,098,482	-	1,465,181
Weighted average number of equity shares for calculation of earnings per share	39,766,786	40,865,268	39,232,474	40,697,655

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

Provision for post contract support services

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	5	10
Provisions made during the year	-	-
Utilisations during the year	-	-
Released during the year	-	(5)
Provision as at the end of the year	5	5

Provision for discount

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	50	51
Provisions made during the year	25	43
Utilisations during the year	(11)	(30)
Released during the year	(15)	(14)
Provision as at the end of the year	49	50

Provision for foreseeable losses

Rs in million

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Balance as at beginning of the year	24	-
Provisions made during the year	19	24
Utilisations during the year	(11)	-
Released during the year	(30)	-
Provision as at the end of the year	2	24

These provisions are expected to be utilized over a period of 1 to 2 years.

15. Gratuity plan

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

Rs in million

Particulars	As at March 31, 2011	As at March 31, 2010
Obligations at the beginning of the year	229	175
Obligations acquired as part of the business purchase*	-	21
Service cost	54	30
Interest cost	13	14
Benefits settled	(30)	(11)
Actuarial (gain)/loss	(1)	-
Obligations at end of the year	265	229
Change in plan assets		
Plan assets at the beginning of the year, at fair value	227	168
Plan assets acquired as part of the business purchase*	-	17
Expected return on plan assets	17	14
Actuarial gain/(loss)	6	21
Contributions	37	18
Benefits settled	(30)	(11)
Plan assets at the end of the year, at fair value	257	227
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	257	227
Present value of defined obligations as at the end of the year	265	229
Asset/(liability) recognized in the balance sheet	(8)	(2)
Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Gratuity cost for the year		
Service cost	54	30
Interest cost	13	14
Expected return on plan assets	(17)	(14)
Actuarial (gain)/loss	(7)	(39)
Net gratuity cost	43	(9)
Actual Return on plan assets	23	35
Assumptions		
Interest rate	7.99%	7.82%
Expected rate of return on plan assets	7.99%	7.82%
Expected rate of salary increase	10-12%	6-10%
Attrition rate	25.10%	12.5-15.0%
Retirement age	60	58-60

* Refer Note 4 of Schedule 15

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.

16. Derivatives

As at March 31, 2011, the Group has outstanding forward contracts amounting to USD 62 million and Euro 4.6 million (previous year: USD 80.8 million), option contracts amounting to Euro 0.3 million (previous year: USD 7 million), forward strips and leverage option contracts amounting to USD 67.5 million (previous year: USD 100 million). These derivative instruments have been entered to hedge highly probable forecast sales.

In accordance with the provisions of AS 30, derivative instruments which qualify for cash flow hedge accounting have been fair valued at balance sheet date and the resultant exchange gain of Rs 81 million as at March 31, 2011 (previous year: Rs 117 Million) has been credited to hedge reserve. Other derivative instruments that do not qualify for hedge accounting have been fair valued at balance sheet date and resultant exchange gain of Rs 136 million for the year ended March 31, 2011 (previous year: gain of Rs 1,113 million) has been recorded in the consolidated profit and loss account.

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

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

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

18. During the current year, MindTree Benefit Trust and Aztec Software and Technology Services Limited Employees' Welfare Trust were dissolved as per the resolution passed by the trustees. Consequently, the funds available with these trusts amounting to Rs 85 million were received by the Company. Since these funds were primarily in the nature of capital surplus, the Company has credited the above amount to capital reserve.
19. The current year figures are inclusive of MindTree Wireless Private Limited [formerly Kyocera Wireless (India) Private Limited], which has been acquired by the Company with effect from October 1, 2009 and subsequently merged with the Company w.e.f April 1, 2010. The current year figures are therefore not comparable with the previous year as the acquisition was effective October 1, 2009.
20. Corresponding figures for previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report attached

For MindTree Limited

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

Subroto Bagchi
Vice Chairman

N. Krishnakumar
CEO & Managing Director

Supreet Sachdev
Partner
Membership No. 205385

Rostow Ravanan
Chief Financial Officer

Rajesh Srichand Narang
Company Secretary

Place: Bangalore
Date: April 21, 2011

Place: Bangalore
Date: April 21, 2011

Notice of the Twelfth Annual General Meeting

NOTICE is hereby given that the twelfth annual general meeting of the members of MindTree Limited will be held on Thursday, July 21, 2011 at 10.30 a.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore - 560 001, India, to transact the following business as:

Ordinary Business:

1. To receive, consider, approve, and adopt the audited balance sheet as at March 31, 2011 and the audited profit & loss account for the year ended on that date together with the reports of auditors and directors thereon.
2. To confirm the payment of interim dividend of 12.5% for the year 2010-11 and to declare an additional final dividend of 12.5% for the financial year ended March 31, 2011 on equity shares.
3. To appoint a director in place of Prof. David. B. Yoffie, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Rajesh Subramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. N. Vittal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory auditors to hold office from the conclusion of the twelfth annual general meeting until the conclusion of the thirteenth annual general meeting and to authorize the board of directors or a committee thereof, to fix their remuneration. The retiring auditors, M/s B S R & Co. Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

"RESOLVED THAT M/s B S R & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of twelfth annual general meeting to the conclusion of the thirteenth annual general meeting, on such remuneration and method of payment as may be determined by the board of directors or a committee thereof."

Special Business:

7. Approval of payment of commission to executive directors

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 310 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and subject to approval of the Central Government, as may be required, consent and approval of the shareholders of the Company be and is hereby accorded and granted for payment of Commission based on net profits to the whole time directors of the Company in addition to the salary and other benefits entitled to them, the revised remuneration, perquisites and benefits to Mr. Subroto Bagchi, Gardener & Vice Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Group President - Product Engineering Services with effect from April 1, 2011 till the expiry of their present term of office, as per terms and conditions detailed in the explanatory statement annexed to this notice.

RESOLVED FURTHER THAT any such payment of Commission to the whole time directors of the Company shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 269, 309, 310, 349, 350 and any other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the payment of Commission to whole time directors, shall be in substitute of the Company's performance linked bonus, which was earlier being paid at a fixed percentage of the salary and based on results of the Company.

RESOLVED FURTHER THAT the aggregate remuneration inclusive of salaries and other benefits to these whole time directors shall always be within the overall ceiling laid down in the sections 198, 269, 309, 310 and schedule XIII and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT if in any financial year, the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi, Gardener & Vice Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Group President - Product Engineering Services shall be entitled to receive the same enhanced remuneration, perquisites and benefits subject to compliance with applicable provisions of the Companies Act, 1956 and to the extent necessary, with the approval of the Central Government.

RESOLVED FURTHER THAT all actions taken by the board of directors and all matters related thereto are specifically approved and ratified.

RESOLVED FURTHER THAT the board of directors (including a committee thereof) be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of remuneration from time to time and obtaining Central Government approval and all things incidental and ancillary thereto."

By order of the board of directors

For MindTree Limited

Place: Bangalore
Date: April 21, 2011

Rajesh Srichand Narang
Vice President - Legal & Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Members/proxies are requested to affix their signature at the space provided for in the attendance slip and handover the same at the entrance of the meeting hall.
3. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of special business is annexed hereto.
4. The register of members and share transfer books will remain closed from July 15, 2011 to July 21, 2011 (both days inclusive).
5. All documents as mentioned in the resolutions and or explanatory statement are available for inspection at the registered office of the Company by the members from 10 a.m. to 12 noon on any working day and will be made available at the venue of the twelfth annual general meeting.
6. The certificate from statutory auditors of the Company certifying that the Company's stock option plans are being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is available for inspection by the members at the venue of the twelfth annual general meeting and at the registered office of the Company.
7. The members may inspect the register of directors' shareholding maintained under section 307 of the Companies Act, 1956, at the venue of the twelfth annual general meeting and at the registered office of the Company.
8. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the company secretary, at least seven days before the date of the twelfth annual general meeting.
9. The Company will use addresses, emails and bank account details as furnished by the depositories for updating its records of the shareholders holding shares in electronic form. Members are requested to notify any change in their addresses, emails and or bank account to the depository participant only and not to the Company for effecting such changes.
10. Members who have not encashed their dividend warrants are requested to forward the same to the Company or the share transfer agent for revalidation. Members are requested to note that dividends not encashed within seven years from the date of transfer to the Company's unpaid dividend account will as per section 205A of the Companies Act, 1956, be transferred to the Investor Education & Protection Fund.
11. The Reserve Bank of India (RBI) vide its circular 376-DPSS. (CO) EPPD.No. 191-04.01.01-2009-2010 dated July 29, 2009 has instructed banks to move to the National Electronic Clearing Service (NECS) platform w.e.f. October 1, 2009. In this regard, please note that if the Members have not provided to the Company or their DP the new bank account number, if any, allotted to them, after implementation of Core Banking System (CBS), credit of dividend through NECS to their old bank account number, may be rejected or returned by the banking system. In the above circumstances, the Members holding shares in physical form are requested to furnish the new bank account number, if any, allotted to them by their bank after it has implemented the CBS together with name of the Bank, Branch, 9 digit MICR Bank / Branch code, account type by quoting their folio number and a photocopy of the cheque pertaining to their bank account, so that the dividend can be credited to the said bank account. Members who have not opted or updated their accounts are now requested to opt for this to avoid losses and delays.
12. In terms of the amended Clause 5A of the Listing Agreement, the Company has sent reminders to those shareholders who have not yet claimed their share certificates issued to them by the Company in physical form. Concerned shareholders are requested to contact the Company or the STA and lodge their claim for the said shares.
13. Ministry of Corporate Affairs (MCA) vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2011 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories. However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to investors@mindtree.com, duly quoting his DP ID and Client ID or the Folio number, as the case may be. Members holding shares in physical form are requested to submit their e-mail address to the STA, duly quoting their Folio number. Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.

Please note that the said documents will also be uploaded on the website of the Company - www.mindtree.com and made available for inspection at the Registered Office of the Company during business hours.
14. Members are requested to address all their correspondences including those for remat/demat, nomination requests, share transfers, change of address/ mandates for physical holdings, etc., to the share transfer agent (STA) - Link Intime India Pvt. Ltd or to the Company at the addresses as detailed under the corporate governance section.

15. Information pursuant to clause 49 of the listing agreement regarding appointment of a new director or re-appointment of directors



Prof. David. B. Yoffie
Independent Director

Professor David. B. Yoffie is the Max and Doris Starr Professor of International Business Administration and Senior Associate Dean, Chair, Executive Education at Harvard Business School (HBS). Professor Yoffie's research and consulting have focused on competitive strategy, technology, and international competition. Outside HBS, Professor Yoffie's activities include being on the board of directors of Intel Corporation. Professor Yoffie's writings on business strategy and technology have been widely published.

Professor Yoffie is the author/editor of eight books, including *Judo Strategy* (Harvard Business School Press, 2001), which has been translated into eight languages and explores strategic techniques for turning your competitors' strengths to your advantage. Professor Yoffie has written extensively for the *New York Times*, the *Wall Street Journal*, and the *Harvard Business Review*, as well as numerous scholarly and managerial articles on international trade, firm strategy, and global competition in high technology industries. Professor Yoffie has published more than 100 case studies on business strategy and international management issues, which have sold more than 1,500,000 copies.

Professor Yoffie holds the following director/committee positions:

Name of the Companies	Nature of Interest	Committee Name & Position
Intel Corporation	Director	Compensation Committee - Member Nominations & Governance Committee - Chairman

Professor Yoffie does not hold any equity shares in the Company as on March 31, 2011.



Mr. Rajesh Subramaniam
Non-Executive Director

Rajesh joined Walden International to spearhead the investment in India. In addition to previous employment in the venture industry, Rajesh was most recently the CFO and EVP for Firstsource Solutions, a publicly listed BPO company in India. After joining the start up in 2002, Rajesh was instrumental in building the company to its IPO and oversaw several strategic acquisitions on their behalf.

Prior to Firstsource, he was the Vice President of Investments at GIV, a US\$140 million venture capital fund based out of Northern Virginia. He was based out of Bangalore and then Santa Clara. Prior to GIV, he was with Ernst & Young and KPMG where he was in the Lead Advisory Division, handling mergers and acquisitions and corporate finance. Rajesh started his career as an investment analyst with the Pioneer ITI Mutual Fund (subsequently acquired by Franklin Templeton).

Rajesh has an MBA from the Richmond College, London and a Graduate degree in Commerce in Accounting and Economics from Madras University.

Rajesh holds the following director/committee positions:

Name of the Companies	Nature of Interest	Committee Name & Position
Public Limited Companies 1. CoOptions Corporation Ltd	Nominee Director	Audit Committee - Member Remuneration Committee - Member
Private Limited Companies 1. Walden India Advisors Pvt. Ltd. 2. Quattro BPO Solutions Pvt. Ltd.	Managing Director Nominee Director	N/A Audit Committee - Member Remuneration Committee - Member
3. A & A Dukaan Financial Services Pvt. Ltd.	Nominee Director	N/A

Rajesh does not hold any equity shares in the Company as on March 31, 2011.



Mr. N. Vittal
Independent Director
Chairman - Audit Committee

N. Vittal holds a Bachelor of Science (Honours) degree in chemistry from University of Madras. He was Secretary to Government of India in the Department of Electronics (renamed as Ministry of Information Technology) from 1990 to 1996 and was Chairman of the Telecom Commission and Secretary to the Department of Telecommunications from 1993 to 1994. In 1996, he was appointed by the Government of India as Chairman of the Public Enterprises Selection Board, where he was involved in improving the public sector undertakings.

He was appointed as the Central Vigilance Commissioner in 1998. He has been a columnist for the Economic Times and has authored several books. He was awarded Dataquest IT Man of the Year in 1993 and was the winner of the Lifetime Achievement Award of Dataquest in 2004.

N. Vittal holds the following director/committee positions:

Name of the Companies	Nature of Interest	Committee Name & Position
Public Limited Companies		
1. The Gujarat Vittal Innovation City Limited	Director & Chairman	N/A
Private Limited Companies		
1. Texas Instruments (India) Pvt. Ltd.	Director	N/A
2. Aster Teleservices Pvt. Ltd.	Director & Chairman	Audit Committee - Chairman
3. EMPL Vittal Centre Innopolis Pvt. Ltd.	Chairman	N/A

N. Vittal does not hold any equity shares in the Company as on March 31, 2011.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to the special business mentioned in the notice and forms part of the notice of the twelfth annual general meeting.

Item no.7

The Company proposes to remunerate the whole time directors by way of commission payable annually as applicable under the provisions of the Companies Act, 1956. All other terms previously approved shall continue to be in effect.

The following table gives all material information of the whole time directors:

Particulars	Subroto Bagchi	Krishnakumar Natarajan	S. Janakiraman
Date of Birth	31-May-1957	29-May-1957	11-Sep-1956
Date of Appointment	05-Aug-1999	05-Aug-1999 01-Apr-2009 (As MD)	16-Jul-2008 (As ED)
Specialization/Expertise	General Management	Technology & General Management	Technology & General Management
Qualification	BA	PGDM	M.Tech
Directorships of other companies	Nil	Nil	Nil
Chairman/Member of committees of other companies	Nil	Nil	Nil
Shareholding as on March 31, 2011	2,075,906	1,982,578	1,011,862

Existing Salary as on March 31, 2011

Name	Amt. in Rs.		
	Fixed Salary (Incl Perks)	Performance Bonus	Total
Mr. S. Janakiraman	4,418,322	976,404	5,394,726
Mr. Krishnakumar Natarajan	4,953,520	897,599	5,851,119
Mr. Subroto Bagchi	4,573,235	798,398	5,371,633

Revised Salary w.e.f April 1, 2011 to remainder of their Term

Name	Fixed Salary + Perks	Performance Bonus	Commission
Mr. S. Janakiraman	Existing salary as above plus annual increments upto 25% on Cost To Company (CTC) basis	Nil	Upto 5% of the net profits of the Company
Mr. Krishnakumar Natarajan	Existing salary as above plus annual increments upto 25% on Cost To Company (CTC) basis	Nil	Upto 5% of the net profits of the Company
Mr. Subroto Bagchi	Existing salary as above plus annual increments upto 25% on Cost To Company (CTC) basis	Nil	Upto 5% of the net profits of the Company

Company performance linked bonus: In addition to the Salary, whole-time directors were entitled to company performance linked bonus, as may be decided by the board or a committee thereof. The above mentioned Performance Bonus was subject to meeting the performance parameters as per the Scheme applicable to senior management members. The Scheme provides for over and under achievement payments based on results of the Company.

Performance Linked Bonus now is subject to shareholders' approval sought to be replaced with payment of Commission.

Perquisites, other benefits and allowances include but not limited to rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premium on personal accident and health insurance, club fees, use of car with driver, telephones, house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund, gratuity, leave entitlement, encashment of leave and housing and such other perquisites, benefits and allowances as may be approved by the board or committee, remain unchanged.

Annual increments shall be up to 25% on cost to company basis (including commission and all perquisites, other benefits and allowances) as decided by board or committee thereof.

Section 309 permits whole time directors to be paid remuneration as specified percentage of the net profits of the Company.

It is now proposed to pay commission to the wholetime directors of the Company and the same shall not exceed, at any time, 5% of the net profits of the Company computed in terms of sections 198, 349 and 350 and any other applicable provisions of the Companies Act, 1956 (Act).

This may be treated as an abstract of the terms and conditions governing the appointment and payment of remuneration of

Mr. Subroto Bagchi - Gardner & Vice Chairman, Mr Krishnakumar Natarajan- CEO & Managing Director,& Mr. S. Janakiraman, Group President - Product Engineering Services pursuant to Section 302 of the Act.

Where if in any financial year the Company has no profits or its profits are inadequate, Mr. Subroto Bagchi - Gardner & Vice Chairman, Mr Krishnakumar Natarajan - CEO & Managing Director, & Mr. S. Janakiraman, Group President - Product Engineering Services shall be entitled to receive the same remuneration, perquisites and benefits subject to compliance with applicable provisions of the Act, if and to the extent necessary, with the approval of the Central Government.

The remuneration payable to Mr. Subroto Bagchi - Gardner & Vice Chairman, Mr. Krishnakumar Natarajan - CEO & Managing Director, & Mr. S. Janakiraman, Group President - Product Engineering Services will be within the permissible limits specified by Schedule XIII to the Act, and is commensurate with the responsibility in a Company of this size and extent of business operations.

Section 269, 309, 310, Schedule XIII read with applicable sections/schedules of the Act, requires approval of the shareholders in a general meeting for amending the terms of appointment and or remuneration of a managing director/whole time directors and hence this resolution is being proposed.

Mr. Subroto Bagchi, Gardener & Vice-Chairman, Mr. Krishnakumar Natarajan, CEO & Managing Director and Mr. S. Janakiraman, Group President - Product Engineering Services are interested or concerned in the above resolution. No other director is interested or concerned in this resolution.

The Board recommends the resolution set forth in the item No.7 for the approval of the members.

By order of the board of directors
For MindTree Limited

Place: Bangalore
Date: April 21, 2011

Rajesh Srichand Narang
Vice President - Legal & Company Secretary





MindTree Limited

Regd. Office: Global Village, RVCE Post , Mysore Road, Bangalore-560 059, INDIA

Attendance Slip

I hereby certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the twelfth annual general meeting of the Company held on Thursday, July 21, 2011 at 10.30 a.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001, India, or/any adjournment thereof.

Name of the attending shareholder: _____

(in block letters)

Name of the proxy: _____

(to be filled in if the proxy attends)

Instead of shareholder: _____

Signature of shareholder: _____

Signature of proxy: _____

Ledger Folio Number: _____

Or DP/Client ID No.

Number of shares held: _____

Notes

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.
2. Members are informed that no duplicate attendance slips will be issued at the venue of the meeting.



MindTree Limited

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

PROXY FORM

Regd. Folio No. /DP ID and Client ID:

I/We..... of in the district of being a member/members of MindTree Limited hereby appoint of in the district of as my/our proxy to attend and vote for me/us and on my/our behalf at the twelfth annual general meeting of the Company to be held on Thursday, July 21, 2011 at 10.30 a.m. at 'The Chancery Hall', Hotel Atria, #1, Palace Road, Bangalore 560 001, India, or /any adjournment thereof.

I wish my above proxy/ies to vote in the manner as indicated in the box below;

Resolutions	For	Against
1. Adoption of accounts & reports thereon		
2. Approval of Dividend		
3. Re - appointment of Director - Prof. David. B. Yoffie		
4. Re - appointment of Director - Mr. Rajesh Subramaniam		
5. Re - appointment of Director - Mr. N. Vittal		
6. Re - appointment of M/s B S R & Co. as Statutory Auditors		
7. Approval for payment of Commission to whole time directors		

Affix
Re. 1
revenue
stamp

Signed this day of 2011.

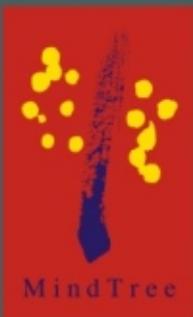
Member's Folio Number /Client ID No

Number of shares held

Name & address

.....

Note: The proxy form must be deposited at the Registered Office of the Company at Global Village, RVCE Post, Mysore Road, Bangalore-560 059, INDIA, not less than 48 hours before the meeting.



Global Village
RVCE Post, Mysore Road,
Bangalore 560 059.
Karnataka. India
Ph: +91 80 6706 4000
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