



Annual Report 2009-10

Forward Strides

BOARD OF DIRECTORS

Pankaj Agarwal

Managing Director & CEO

Guhan Subramaniam

Non-Executive Independent Director & Chairman*

Indresh Narain

Non-Executive Independent Director

Javed Gaya

Non-Executive Independent Director

Vivek Malhotra

Non-Executive Independent Director

CHIEF FINANCIAL OFFICER

Suresh Rao

Group CFO

COMPANY SECRETARY

Usha T N

Vice President, Legal & Company Secretary

AUDITORS

BSR & Company

BANKERS

Axis Bank Ltd.

REGISTRARS AND SHARE TRANSFER AGENTS

Mondkar Computers Private Limited

25, Shakil Niwas, Opp. Sai Baba Temple,
Mahakali Caves Road, Andheri (E), Mumbai-400093
Tel: 022-28207201/03/04/05 Fax :022-28207207

REGISTERED OFFICE:

16/3 Cambridge Road, Ulsoor,
Bangalore-560008
Tel: +91 80 4154 8000 Fax: +91 80 4112 5813

*Ceased to be a Director and Chairman with effect from May 26, 2010

CONTENTS

2	Letter to Shareholders
4	Directors' Report
10	Corporate Governance Report
20	Management Discussion and Analysis
25	CEO and CFO Certification
26	Auditor's Certificate on Corporate Governance
27	Standalone Financial Statements
	Auditor's Report
	Financial Statements
	Schedules to Financials
56	Balance Sheet Abstract and Business Profile
57	Consolidated Financial Statements
	Auditor's Report
	Financial Statements
	Schedules to Financials
78	Statement pursuant to Section 212 of the Companies Act, 1956
80	AGM Notice
83	Proxy Form & Attendance Slip



Letter to Shareholders

Dear Shareholder,

I am pleased to present Mindteck's consolidated financial statements for the year ended on March 31, 2010. Due to the economic environment in our major markets, the year under review witnessed a drop in revenue to Rs 2,265.40 millions (USD 47.45 million) as compared to revenue of Rs 2,821.37 million (USD 62 million) the previous year. Net profits for the year amounted to Rs 33.52 million as against Rs 109.81 million last year. Additionally, EBITDA for the year was Rs 105.26 million as against 179.50 million the previous year, with operating margins of 4.64% recorded this year versus 6.36% last year.

Despite a loss in earnings over the previous year results, we feel encouraged and look forward to a more promising future. Our forward strides in FY 10 have led to deepened client relationships, together with new client acquisitions in new market segments and emerging verticals. For this reason, though the lingering effects of the economic downturn had a direct impact on revenue generated from business in the U.S., we remain pleased about our progress and confident about our momentum going forward. This is particularly so in light of several new initiatives taken that will lead to increased client traction and a keener focus on specialized verticals in the coming year.

A Year of Positive Change and Good Progress

This year, the state of the global economy and reaching our ten-year mark were both key factors that led us to undertake several important business decisions, including:

Restructuring our organization

As you may recall, in recent years we completed several mergers and acquisitions that, in effect, dramatically enhanced the size and scope of our organization. While this added strength to the organization, we've made concerted efforts to ensure that the foundation remains sound so that we can function more competently, efficiently and consistently now and in the years to come:

- Consolidated and streamlined sales and delivery operations;
- Strengthened our senior leadership team and increased focus on Human Resource Management, including staffing up with exceptional talent across a variety of expertise areas and implementing a review system designed to attract, retain and spur talent;
- Devised an innovative 'best shore delivery model' in order to provide clients with a mix of on-site, off-shore, offshore-on-site, and other hybrid delivery options across geographies;
- Forged business critical alliances with renowned software players and won their appreciation.

Instituting a more targeted and pro-active business approach

We're mindful that our reputation has been built by delivering unique blend of domain and technology knowledge components that can be combined flexibly and swiftly, and produce solutions of value. So, despite consistently receiving high client satisfaction ratings, we're continually sharpening our efforts to understand our clients' business challenges, enrich their experience, and improve the cost and quality of our deliverables. Some new initiatives this year included:

- Established Practice Groups for our IT, Infrastructure Management and Engineering service offerings. These Groups are creating centralized knowledge banks, building strong competencies in their respective domains, tracking technology trends, and leveraging reusable knowledge in order to enhance our level of quality and effectiveness;
- Invested in building new technology solutions that are ready-to-deploy and reusable;
- Launched a number of new technology initiatives, including iPhone apps and games, a Windows 7-based Multi-Touch solution, and a Enterprise Mobility and Virtualization ROI Calculator. These technology initiatives have resulted in multiple 'Solution Accelerators'. Bundled as a ready-to-deploy catalogue of solutions, these repeatable and reusable 'Solution Accelerators' are backed by engineering excellence and strong domain expertise, together with quality compliance and best practices acquired over a decade.

We're also very pleased to have introduced Smart Energy solutions that develop and integrate dispersed Energy Management Systems for utility companies, semiconductor and other OEM product manufacturers, enterprise solution providers, network integrators, among others. Currently, our solutions include smart energy compliant device implementation and management for smart grid networks, commercial and civic utility applications, and integration of power harvest solutions with wireless and enterprise networks.

Leveraging alliances and partnerships to fuel growth

As a part of our strategy to build and forge strong alliances, during FY 2009-10, Mindteck joined the 'Services Ready Program' launched by Microsoft globally. As a Services Ready Partner, Mindteck receives complete access to Microsoft's huge repository of validated IP and process methodologies based upon their consulting experience worldwide. This partnership has emerged as a unique differentiator for Mindteck, helping us expand our client reach and provide them with greater delivery efficiency and lower risk through proven best practices and reusable assets.

Appreciation for a Future On Course

Though recent events have presented us with challenges, we're excited about the immense potential ahead and look forward to delivering a strong growth story in the coming years. As always, we appreciate the unwavering commitment of our shareholders, the dedication of our employees, our solid partner relationships, and above all, the confidence of our clients.



Pankaj Agarwal

Managing Director and CEO

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the **Nineteenth Annual Report** on our business and operations for the year ended March 31, 2010.

1. Results of Operation

Rs. in million

	Standalone		Consolidated	
	Year ended 31-Mar-10	Year ended 31-Mar-09	Year ended 31-Mar-10	Year ended 31-Mar-09
Sales	459.53	544.34	2,265.40	2,821.37
Other income	36.06	80.93	38.09	94.51
Manpower cost	261.34	305.17	1,893.44	2,390.58
Operating & Admin expenses	193.43	257.09	304.79	345.80
Profit before interest and depreciation	40.82	63.01	105.26	179.50
Interest	3.48	8.83	7.13	14.04
Depreciation	13.97	12.99	40.57	25.03
Profit before tax	23.37	41.19	57.56	140.43
Tax	5.10	5.56	24.04	30.62
Net Profit after tax	18.27	35.63	33.52	109.81
Paid-up Equity Share Capital	243.48	240.13	243.48	240.13
Earnings per share (EPS)	0.75	1.48	1.38	4.57

2. Consolidated Financials

During the year under review, Mindteck recorded consolidated revenue of Rs 2,265.40 million as against Rs 2821.37 million in the previous year, registering a 19.7% decline in revenue. Of this, 88% of revenue came from the U.S., and the rest from other parts around the globe.

Mindteck's net profit for the year stood at Rs 33.52 million as compared to Rs 109.81 million in the previous year. This translates to Earnings per Share of Rs 1.38 in 2009-10 as against Rs 4.57 in 2008-09.

The primary reason for the drop in revenues this year was due to the global economic environment and resultant slowdown in business derived from the U.S., where our main customers are located. However, there has been an improvement in business sentiment in the new fiscal year and we're encouraged by the traction witnessed among certain customer accounts.

As a result of a drop in revenues, our operating margins were lower at 4.6% as against 6.3% last year. The difference was almost entirely due to the impact of foreign currency fluctuations, i.e., gains recorded last year and losses recorded in the current year. Operating costs have been significantly reduced as compared to the last fiscal FY 2008-09.

The fall in Net Profits is attributed principally to the write-off of a significant asset created for the "SimplyPCI" business in FY 2008-09. This was the result of a decision to stop providing productized services as a move forward strategy.

3. Pro-active Business Approach

Mindteck believes its reputation has been built by delivering a unique combination of domain and technology components that can be implemented flexibly and swiftly, and produce solutions that add value to its customers' businesses. So, despite consistently receiving high customer satisfaction ratings, we continually sharpen our efforts to understand

our customers' business challenges, enrich their experience, and improve the cost and quality of deliverables.

Last year the company formed Practice Groups for its IT, Infrastructure Management and Engineering service offerings. These Groups are creating centralized knowledge banks, building strong competencies in their respective domains, tracking technology trends, and leveraging reusable knowledge in order to enhance the level of quality and effectiveness. Mindteck has consciously invested in building new technology solutions that are ready-to-deploy and reusable.

We also launched a number of new technology initiatives, including iPhone apps and games, a Windows 7-based Multi-Touch solution, Enterprise Mobility and Virtualization ROI Calculator, etc. These technology initiatives have resulted in multiple 'Solution Accelerators'; bundled as a ready-to-deploy catalogue of solutions, these repeatable and reusable 'Solution Accelerators' are backed by engineering excellence and strong domain expertise, together with quality compliance and best practices acquired over a decade.

An innovative 'best shore delivery model' was also devised, in order to provide customers with a mix of on-site, off-shore, offshore-on-site, and other hybrid delivery options across geographies.

4. Restructuring and Streamlining

In recent years, Mindteck completed several mergers and acquisitions that, in effect, dramatically enhanced the size and growth possibilities for the organization. While it has added strength to the organization, we have made concerted efforts to ensure that the foundation remains sound so that it can function more competently, efficiently and consistently now and in the years to come.

In FY 2009-10, we consolidated and globally streamlined our finance, sales and delivery operations by adding a senior leadership team in India. Mr. Suresh Rao has joined as Chief

Financial Officer; Mr. Ramesh Ajjampur has joined us as Senior Vice President, Global Delivery; and Ms. Usha T N has joined us as Vice President, Legal & Company Secretary. Our focus on Human Resource Management includes staffing up with exceptional talent across a variety of expertise areas, and implementing a review system designed to attract, retain and spur talent.

5. HIM (HP, Intel, Microsoft) – Strategic Alliances for a Stronger Future

During the year, we invested in two key technology alliances/partnerships globally and strengthened ties with one of the top three global computer makers:

- Joined Microsoft in their invite-only 'Services Ready' partnership that was established in 2009. Since then, Mindteck has co-engaged with Microsoft on more than one occasion to successfully deliver IT and Infrastructure services to its global clientele.
- Engaged in an embedded design partnership with chip manufacturing major Intel. Mindteck is now a charter member of the Intel Design House Program (IDHP) in India. The program is an invite-only initiative from Intel's Embedded and Communication Group which focuses on building Intel's next generation embedded chipsets and communication devices. As one of only 18 partners chosen for this initiative, Mindteck has already started to work alongside Intel to design/build 3 PoCs that showcase Intel technology.
- Strengthened our relationship with HP, who considers our company one of their top 60 global vendors.

6. Quality

Over the years, Mindteck's compliance to International Quality Standards shows the ability to work with multiple requirements to deliver business and technology solutions to a wide range of enterprises around the globe.

During 2009-10, our Quality Management System was upgraded to ISO 9001:2008 (audited by BSI management systems), and we also successfully completed surveillance audits of ISO 13485:2003 (Medical Domain) & ISO 27001:2005 certifications with ISMS extension of scope for Mindteck CMH road office. Additionally, we participated in the Microsoft Gold Partner Program and received Microsoft Partner Program certificates for custom development and security solutions from Microsoft.

7. Subsidiaries

As on March 31, 2009, Mindteck has seven wholly-owned subsidiaries: Mindteck, Inc. (U.S.), Mindteck Middle-East SPC (Bahrain), Mindteck Software Malaysia Sdn Bhd (Malaysia), Mindteck Singapore Pte Ltd. (Singapore), Mindteck UK Limited (U.K.), Chendle Holdings Limited (British Virgin Islands), and Mindteck BPO Services Private Ltd (India). Mindteck UK Ltd has two subsidiaries - Mindteck Germany GmbH in Germany and Mindteck Netherlands B.V. in the Netherlands.

In terms of the approval granted under Section 212 (8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide their letter no. 47/76/2010-CL-III dated 05.02.2010, the company has been exempted from complying with the provisions contained in sub-section (i) of Section 212 of the Companies Act, 1956. All information as directed by the Ministry of Corporate Affairs has been

disclosed under the abstract which forms part of this Annual Report. The consolidated financials have been prepared in compliance with accounting standards, Listing Agreement with SEBI and duly audited by the statutory auditors of the company.

Further, the annual accounts of the subsidiary companies and the related detailed information will be made available to any investors of Mindteck and its subsidiary companies seeking such information at any point of time.

The annual accounts of the subsidiary companies and related detailed information will also be kept for inspection by any member at Mindteck's registered office and that of the respective subsidiary companies. The holding, as well as subsidiary companies, will regularly file the applicable data to the various regulatory and government authorities, if required.

8. Recognition

During the year under review, Mindteck was recognized as one of the fastest growing tech companies in India and Asia for the second consecutive year with a ranking of 245 on the Deloitte Technology Fast 500 Asia Pacific 2009. Rankings were based on percentage revenue growth over three years. In addition, Mindteck also ranked 34 on the Deloitte Technology Fast 50 India 2009, which is a ranking of the 50 fastest growing technology firms in India for revenue performances recorded in FY 2009.

9. Changes to Share Capital

During the year there was no change in the Share Capital and no buy back of shares by the Company.

10. Appropriation

With a view to conserve cash for growth and investments in our businesses, the Board has not recommended distribution of dividend for the fiscal year 2009-10. No amount was transferred to General Reserve during the year.

11. Fixed Deposits

During the period under review, the company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

12. Directors

In accordance with provisions of the Companies Act, 1956, and the Company's Articles of Association, the following changes have taken place on Mindteck's Board during the year:

- Mr. Vivek Malhotra retires by rotation as Director in the coming Annual General Meeting and, being eligible, offers himself for re-appointment. A brief resume of Mr. Vivek Malhotra is included in the notice for the Annual General Meeting.
- Mr. Guhan Subramaniam resigned as Chairman and Director effective May 26, 2010. The Board of Directors places its appreciation for the valuable services rendered by Mr. Guhan Subramaniam during his tenure as Director.

13. Auditors

Mindteck's statutory auditors, M/s. BSR & Company, Chartered Accountants, Bangalore, hold office as Auditors until the conclusion of the ensuing Annual General Meeting and have

confirmed their eligibility and willingness to accept office, if re-appointed. M/s. BSR & Company, Chartered Accountants has given an unqualified report on the financials of the Company and the Auditors' report forms part of the Report.

14. Corporate Governance Report

Mindteck recognizes good corporate governance and is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit to its stakeholders and for long-term success. We adhere to standards set by SEBI corporate governance practices and a report on Corporate Governance pursuant to Section 217 of the Companies Act, 1956 and Clause 49 of Listing Agreement forms part of this Annual Report.

15. Management Discussion and Analysis

The Management Discussion and Analysis is attached to this report.

16. Responsibility Statement of the Board of Directors

The Directors' responsibility statement, setting out compliances with the accounting and financial requirements specified under section 217 (2AA) of the 2000 Companies Amendment Act in respect to the financial statements, is annexed to this report.

17. 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 included in this report.

18. Mindteck Employee Stock Option Schemes

Mindteck believes in enabling employees, who are responsible for the management, growth and success of the Company, to participate in the ownership of the Company and share in its wealth creation.

Mindteck has two Employee Stock Options Schemes: Mindteck Employee Stock Options Plan 2005, and Mindteck Employee Stock Options Plan 2008. During the year ended March 31, 2009, under Employee Stock Options Plan 2005, we granted 45,000 options on May 15, 2009 at an exercise price of Rs 16.55; 15,000 options on October 29, 2009 at an exercise price of 27.35/- per share; and 25,200 shares on January 29, 2010 at an exercise price of Rs 31.50 per share. The details, as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, have been disclosed as annexure to this report and are under Notes to Accounts Schedule 16, Item 6, which forms part of the Annual Report. There has been no variation in the terms of ESOP programs during the year.

The Company has not yet made any grants under the "Mindteck Employees Stock Option Scheme 2008".

19. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange and Outgo

Particulars that are required to be disclosed under subsection (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 are set out in the annexure included in this report.

20. Mindteck Employees Welfare Trust

In the year 2000, the Mindteck Employees Welfare Trust was set up to implement the Company's Share Incentive Scheme. As on March 31, 2010, the said Trust holds 416,000 shares of the Company and has not yet granted any shares to the Company's employees under the said scheme.

21. Utilization of Funds Raised through Preferential Allotment

As on March 31, 2010, all funds raised through preferential allotment have been utilized. A statement showing the utilization of funds raised by the Company on private placement is given below:

Particulars	Amount (Rs)
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amount raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of proceeds in previous years	
- Cash consideration for acquisition of subsidiaries	99,304,500
- Repayment of term loan	9,520,593
- Additional investment in wholly-owned subsidiary, Mindteck USA, Inc.	114,324,884
- Working capital requirements of the Company	19,697,186
Deployment of proceeds in current year	
- Additional investment in wholly-owned subsidiary, Mindteck Inc. (to the extent of funds remaining unutilized from the preferential issue proceeds)	55,180,316
	298,027,479

22. Acknowledgements

The Directors place on record their appreciation of co-operation and continued support extended by customers, shareholders, vendors, investors, bankers, the Government of India and statutory authorities for the company's growth. We thank the employees at all levels across the Group for their valuable contribution for our progress, and look forward to your continued support.

On behalf of the Board of Directors

Bangalore

Date: July 2, 2010

Pankaj Agarwal

Managing Director & CEO

Indresh Narain

Director

ANNEXURES TO DIRECTORS' REPORT

I DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Amendment Act, 2000, the Directors of the Company hereby confirm that:

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation related to material departures.
- (b) the 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 as at the end of March 31, 2010 and its profits for the year ended on that date.

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts on a going concern basis.

II INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Employed throughout the financial year:

Sr. No.	Name	Designation	Age (Yrs)	Remuneration (Rs in Million)	Qualifications	Exp. (Years)	Date of Appt.	Designation Held/ Last Employment
1	Bikash Mukherjee	General Manager	49	2.53	B.Com	23.6	01.07.1999	Associate Systems Manager, DPS Technologies Pvt. Ltd.
2	Joydeep Ray	General Manager	43	2.53	B Stat, MSC	20.4	01.04.2000	Group Leader, Development Consultants Ltd
3	Surjit Lahiri	Vice President-Projects	40	3.14	B.E.	18.4	29.03.2005	Project Manager, Novellus Systems Pvt. Ltd
4	Shivakumar Krishnamurthy	General Manager - Business Application Consulting Practice	36	2.50	MBA	12.9	10.03.2008	Group Project Manager, Infosys Technologies Ltd

Employed during part of the financial year:

Sr. No.	Name	Designation	Age (Yrs)	Remuneration (Rs in Million)	Qualifications	Exp. (Years)	Date of Appt.	Designation Held/ Last Employment
1	Suresh Rao V R	Group Financial Controller	46	2.25	CA, ICWA(I)	22.4	07.09.2009	Chief Financial Officer, Adea Technologies Pvt Ltd
2	Ramesh Ajjampur N	Sr.Vice President - Global Delivery	47	1.53	B.E., M-Tech	22.5	12.11.2009	General Manager, Wipro Ltd.
3	Mahesh Natarajan	Senior Tech Architect	35	2.76	B.E.	13.9	08.04.2009	Project Manager, Satyam Computers

Note:

- Remuneration shown above includes salary, allowances & perquisites, performance linked bonus, ex-gratia and company's contribution to PF.
- Above mentioned employees are not related to any of the Company's directors and do not own more than 2% of the outstanding shares of the Company as on March 31, 2010.
- The nature of employment is contractual in all the above cases. Other terms and conditions are as per the Company's Rules. The designation indicates the nature of duties of the employees.

III DISCLOSURES AS PER SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE SHARE PURCHASE SCHEME) GUIDELINES 1999

	Mindteck ESOP, 2005
a) Options granted during the year	85,200
b) Pricing formula	Exercise price has been determined as the closing price of the Company's shares traded on the Bombay Stock Exchange on the day prior to the date of grant of options
c) Options vested at the end of the year	192,267
d) Options exercised during the year	-
e) Total number of shares arising out of exercise of options	-
f) Options lapsed/forfeited during the year	162,934
g) Variation of terms of options	N.A.
h) Money realized by exercise of options	-
i) Total number of options in force	310,567
j) Employee wise details of options granted to: (i) Senior Mgt. Personnel (ii) Any other employee(s) in receipt of grant in excess of 5% of options granted during the year (iii) Employee(s) in receipt of grant in excess of 1% of issued capital as on the date of the grant	<ul style="list-style-type: none"> • Suresh Rao, Group CFO -15,000 • Ramesh Ajjampur, Senior Vice President-15,000 • Usha T N, Vice President -10,200 Subsidiaries' employees: <ul style="list-style-type: none"> • Niraj Deo, Executive Vice President-30,000 • Joe Underwood, Executive Vice President- 15,000 Nil Nil
k) Diluted EPS pursuant to issue of shares calculated in accordance with AS 20	Rs 0.74 per share
l) Difference between fair value and intrinsic value of options in the calculation of employee compensation costs and impact on net profit and EPS	The reported profit after taxation for the year ended March 31, 2010 would have been Rs 18,015,960 (previous year Rs 34,522,250), i.e. lower by Rs 248,676 (previous year lower by Rs 1,106,417), and the basic and diluted EPS for the year would have been Rs 0.74 and Rs 0.73 (previous year Rs 1.44 and Rs 1.40) respectively.
m) Weighted average - exercise price of options exercised during the year - fair value of options exercised during the year	No options were exercised during the year.
n) Method and significant assumptions used during the year to estimate the fair value of options	The fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend yield of 5-10% on the underlying equity shares, volatility in the share price of 55-100% and a risk free rate of 7-9.5%.

The other details as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been disclosed under Notes to Accounts Schedule 16 item 6 and forms part of the Annual Report. There has been no variation in the terms of ESOP programs.

IV PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

1 Conservation of Energy

Mindteck is committed to contribute its sincere efforts to the conservation of energies. We follow stringent energy-saving norms during our day-to-day operations across all

geographic locations. One such important area is electricity savings. We promote such initiatives internally, and reward individuals/groups who exhibit strong orientation towards the norms. Additionally, we offer several services that help clients' organizations better manage/conserves energy, thus indirectly helping them protect the environment, as well as save money. During the last year, Mindteck integrated some of its energy savings initiatives into its service offerings, including innovative technology solutions for Smart Energy, Storage Virtualization, the wireless home automations space, and contribute towards building a cleaner and better environment in the future.

Mindteck was at the forefront of the green computing initiative by harnessing the power of Windows 7, and quantified the

power savings that can be obtained by migrating to Windows 7 through measurements in our Smart Energy Laboratory. We also developed the IT Systems and Data Center Power monitoring solution based on Microsoft Technologies and the ZigBee protocol standard-based collection and reporting system.

2 Technology Absorption and Research and Development

Technology initiative, benefits derived and future plan of action:

Mindteck continues to promote research and development in information technology and product engineering. We have set up several in-house labs and dedicated research personnel in the Bangalore and Kolkata centers, such as Smart Energy Laboratory, R&D Laboratory for chemical testing and software benchmarking, Storage Laboratory, Wireless Sensor Network Laboratory, and Electronic Design Laboratory. We've also set up the Microsoft Centre of Excellence, focused on developing frameworks and IP around Microsoft technologies.

Mindteck's Product Engineering Services has developed repeatable and reusable solution accelerators for Smart Energy, Life Sciences & Chemical Analysis and Semiconductor Manufacturing verticals. Intel has selected Mindteck, under the auspices of the IDHP noted earlier, to source three innovative embedded proofs of concept projects in the coming year. Mindteck's future technology bets are centric around device, network, storage and computing technology horizontals. Mindteck is focusing on developing solution readiness around Enhanced Usability, Mobility Solutions, Web 3.0 (Semantic Web), Cloud Computing and Climate Change (Smart Energy).

Mindteck also forged into the emerging mobile platform technology area by developing an iPhone game, LeapFrog, which has been approved by Apple and is now available through the iPhone AppStore. We have also developed an iPhone application for a communication service provider to provide a better context and persona driven user experience for their consumers. We developed MindTouch, a Windows 7 based, gesture enabled multi-touch application that can be very useful for instruments for Industrial Operator Panels, Analytical and Data Visualization domains.

Mindteck developed an end-to-end CMS (Content Management System) solution for the compliance industry, for maintaining regulatory sanctions and enforcements. This solution includes crawling through various public data sources, data mining, data aggregation, data categorization, data de-duplication, and providing delta updates on an almost live basis.

Based on our innovation driven technology solutions, we were selected for the exclusive, by invitation-only membership, Microsoft's Partner Advisory Council (PAC). The results of innovation across product engineering have yielded the company multiple technology solution accelerators.

During the year under review, Mindteck published a number of whitepapers on the Microsoft technologies, including Migrating Enterprise Web Applications to Windows Azure, Green Computing with Windows 7, and Enabling Green Computing in the Enterprise. The Product Engineering practice team has published two whitepapers: Designing Wireless Sensor Technology and Data Deduplication in Enterprise Storage.

3 Foreign Exchange Earnings and Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

Through off-shore leverage, Mindteck is seeking to increase exports and develop new markets through subsidiaries.

- b) Total foreign exchange used and earned:

Amount in Rs.

Particulars	Year ended March 31, 2010
Earnings	459,009,439
Expenditure	53,957,731

On behalf of the Board of Directors

Bangalore
Date: July 2, 2010

Pankaj Agarwal
Managing Director & CEO

Indresh Narain
Director

CORPORATE GOVERNANCE

Mindteck India Limited ('Mindteck' or 'the Company') recognizes good corporate governance as a good corporate citizen and is committed to ethical corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit of its stakeholders and for long term success.

Over the years, the Company has ensured compliance of statutory requirements, effective governance systems and practices, and has worked towards transparency, disclosures, internal controls and promotion of ethics within the Company.

We comply with clause 49 of the Listing Agreement and substantially comply with the Corporate Governance Voluntary Guidelines. In accordance with clause 49 of the Listing Agreement with the Bombay Stock Exchange in India and some of the best practices followed internationally on Corporate Governance, a report containing the details of the governance system and processes at the Company is as under:

I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of highest levels of transparency, accountability and equity in all facets of its operations and in all its transactions with its stakeholders, including its employees, customers, shareholders, vendors, supporting agencies, Government, and society at large.

The Management aims to achieve its objective of increasing stakeholder's value while consistently observing the norms laid down in the Code of Corporate Governance. The Management has institutionalized Corporate Governance at all levels within the Company in order to ensure transparency, good practices and a system-driven style of functioning.

The primary responsibility for ensuring Corporate Governance within the Company rests with the Board of Directors ('the Board'), which has put in place, appropriate policies relating to its membership, deliberations, etc. These policies are in consonance with the requirements of the Listing Agreement and applicable SEBI Regulations. Keeping in view the Company's size, complexity, global operations and corporate traditions, Mindteck has adopted the following main principles:

- (i) Constitution of the Board of the Company of appropriate composition, size and expertise.
- (ii) Ensuring the timely flow of information to the Board and its committees to enable them to discharge their functions effectively.
- (iii) Independent verification and safeguarding integrity of the Company's financial reporting.
- (iv) A sound system of risk management and internal control.
- (v) Timely and balanced disclosure of all material information concerning the Company to its stakeholders.

Our Corporate Governance philosophy is based on the following ideologies:

1. Complete transparency on our operations.

2. Maintaining prescribed levels of disclosure and complete openness in communication.
3. Comply with applicable laws of all countries in which we operate.
4. Maintain high standards of safety and health.
5. Adhere to good governance practices in spirit and not just in letter.

II THE CORPORATE GOVERNANCE STRUCTURE AT MINDTECK

The governance mechanism adopted at Mindteck:

- i. The Board is appointed by the shareholders and is vested with responsibility of conducting the affairs of the Company with the objective of maximization of returns to all stakeholders.
- ii. The Board is responsible for the vision, strategy and good governance of the Company. Board and Committees, ensure accountability and transparency in the affairs of the Company to the Stakeholders by directing and controlling the management activities.
- iii. The Managing Director & CEO, and Senior Management, are responsible for setting up business targets and day to day management of the Company in line with the objectives and principles set by the Board.

A. BOARD OF DIRECTORS

Composition

The Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors with considerable experience in their respective fields to maintain the independence of the Board and to separate the functions of the Board from the management of the Company.

As at March 31, 2010 the Company has five Directors, of which four Directors are non executive and "Independent", as defined in Clause 49 of the Listing Agreement and the Chairman of the Company is an Independent and Non-Executive Director. The Managing Director and CEO manages the day to day affairs of the Company. The office of Chairman and CEO are separated for good governance.

From May 26, 2010, on resignation of Mr. Guhan Subramaniam as Chairman and Director, the Board consists of four members, of whom three are independent directors and one executive director.

None of the Directors on the Board holds directorships more than the maximum limit of directorships including public and private limited companies prescribed under the Act and voluntary CG guidelines. None of the Directors on the Board are members of more than ten Committees or acts as Chairman of more than five Committees across all companies, in which they are directors.

The names and categories of the Directors on the Board, directorships and shareholding are given below:

Director	Category	Age	Shareholding	No. of Directorship(1)		Committee	
				Public	Private	Chairman	Member
Mr. Guhan Subramaniam*	Chairman, Independent, Non-Executive Director	56	Nil	3	-	-	-
Mr. Pankaj Agarwal	Managing Director & CEO	47	1,200,000 (4.85%)	-	7	-	-
Mr. Vivek Malhotra	Independent, Non-Executive director	46	Nil	-	1	-	-
Mr. Indresh Narain	Independent, Non-Executive director	65	Nil	3	-	3	1
Mr. Javed Gaya	Independent, Non-Executive director	54	Nil	1	6	1	-

*Resigned as a Chairman and Director with effect from May 26, 2010.

(1) Excluding directorship in Mindteck (India) Limited.

All the Independent Directors of the Company furnish to the Company a declaration at the time of their appointment that they qualify the test of Independence as laid down in clause 49 of the Listing Agreement and certify annually regarding their independence. None of the Non-Executive/Independent Directors have any material pecuniary relationship or transactions with the Company. None of the Non-Executive/Independent Directors has served on the Board for more than six years.

Board Meetings

The Board normally meets once in a quarter and additionally as and when required. 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 the Board meetings.

The Board met five times in the financial year 2009-2010 on May 15, 2009, June 25, 2009, July 31, 2009, October 29, 2009 and January 29, 2010.

Remuneration

During the year, the Company paid the sitting fee of Rs 20,000 per meeting to its Non-Executive Directors for attending meetings of the Board and Rs 10,000 for attending Committee meetings. No remuneration has been paid to the Managing Director and CEO.

Details of attendance of the Directors and sitting fees paid to them are as follows:

Name of the Director	Category	No. of Board Meetings during 2009-10		Whether attended last AGM held on Sep 11, 2009	Sitting fees for Board and Committee meetings (in Rs.)
		Held	Attended		
Mr. Guhan Subramaniam*	Chairman, Independent, Non-Executive Director	5	4	No	160,000
Mr. Pankaj Agarwal	Managing Director & CEO	5	4	Yes	Nil
Mr. Vivek Malhotra	Independent and Non-Executive director	5	3	Yes	120,000
Mr. Indresh Narain	Independent and Non-Executive director	5	5	No	210,000
Mr. Javed Gaya	Independent and Non-Executive director	5	4	Yes	150,000

*Resigned as a Chairman and Director with effect from May 26, 2010.

Non-Executive/Independent Director's remuneration

No remuneration has been paid to Non-Executive/ Independent Directors of the Company during the year. No stock options were granted to, nor exercised by any of the Independent Directors during the year. The Section 309 of the Companies Act, 1956 states that a director who is not a whole time director/MD may be paid remuneration by way of commission, by shareholders' special resolution authorizing the payment. Accordingly, Shareholders' approval will be sought in the ensuing Annual General Meeting (AGM) for payment of remuneration to Non-Executive/ Independent Directors and forms part of Notice convening the AGM.

Shares and options held by Non-executive/ Independent directors

None of the Non-executive independent directors hold shares or options in the Company.

The agenda items for the Board meetings are decided in advance in consultations with heads of various functions and Managing Director, and circulated amongst the Board for their revision. The decisions taken at the Board are promptly communicated to all concerned departments for the completion of the action items arising out of the deliberations

of the meeting. Report on the action items are placed before the Board at their succeeding meeting.

Information and Updates to Board of Directors

- Annual operating plans and budgets, including capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board and of subsidiaries.
- The information on recruitment and remuneration of senior officers.
- Show cause, demand, prosecution notices and penalty notices, which are materially important, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company, if any.
- 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, if any.
- Details of any joint venture or collaboration agreement or acquisition, if any.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc, if any.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business, if any.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfers.

All the information to be provided to the Board as per Annexure-1 of Clause 49 of the Listing Agreement was made available to the Board. The Company's Board reviews and takes on record the statutory compliance reports submitted by the Company's Management on quarterly basis. In cases of business exigencies, resolutions of the Board are passed by circulation.

B. BOARD COMMITTEES

The Company has the following committees of Board of Directors:

- (i) Audit Committee
- (ii) HR and Compensation Committee
- (iii) Shareholder/Investor Grievance Committee

(iv) Corporate Governance Committee

(v) Administrative Committee*

*With effect from May 17, 2010

I Audit Committee

The Company's Board has constituted an Audit Committee pursuant to the provisions of the Companies Act, which has all the necessary features as required by the Listing Agreement.

(a) Composition: The Audit Committee comprises of three independent non- executive directors. This experienced composition of the Audit Committee meets the requirements of the Listing Agreement and the Companies Act, 1956.

Effective June 25, 2009, the Committee was re-constituted with Mr. Vivek Malhotra who is a qualified Chartered Accountant as Chairman and Mr. Guhan Subramaniam and Mr. Indresh Narain as members of the Committee. Mr. Guhan Subramaniam resigned as a member of the Committee with effect from May 26, 2010. Mr. Javed Gaya has been appointed as a member with effect from July 2, 2010.

Ms. Usha T N, Company Secretary, acts as the Secretary of the Audit Committee.

(b) Objective/PowersL

Powers of the Audit Committee include:

- (i) To investigate any activity within its terms of reference;
- (ii) To have independent back office support and other resources from the Company;
- (iii) To have access to information contained in the records of the Company or from any employee;
- (iv) To obtain legal or professional advice from external sources;
- (v) To have the facility of separate discussions with both internal and external auditors as well as the management;
- (vi) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(c) Roles and Responsibilities:

- (i) Recommend the appointment, re-appointment and removal of external auditor, internal auditor, approve terms of engagement including fixation of audit fee and also approve the payment for any other services. Committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- (ii) Review financial reporting process and the disclosure of financial information of the Company and also subsidiaries to ensure that the financial statement is correct, sufficient and credible. Also monitor the integrity of the financial statements of the Company;
- (iii) Review with management the quarterly and annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.

- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Management discussion and analysis of financial condition and results of operations.
- Director's responsibility statement.

(iv) Review the adequacy of internal control systems and review internal audit reports, management letters relating to internal control weaknesses, if any;

(v) Review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(vi) Discussion, review and follow up of the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature including management override of internal controls and financial irregularities involving management team members;

(vii) Discussions with external auditors before the audit commences about nature and scope of audit, as well as have post-audit discussion to ascertain any areas of concern;

(viii) Review the Company's financial and risk management policies and systems. Assist executive management to identify the risk impacting the Company's business and document the process of risk identification, risk minimization and risk optimization as a part of risk management policy;

(ix) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors and monitor utilization of funds raised through public and preferential issues;

(x) Review the functioning of the Whistle Blower mechanism established in the Company;

(xi) Monitor and approve all Related Party Transactions including any modification/amendment, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large and periodically review minutes of subsidiary companies;

(xii) Any other matter referred to the Audit committee by the Board of Directors of the Company.

(d) The Audit Committee held five meetings during the year, i.e. on May 15, 2009, June 25, 2009, July 31, 2009, October 29, 2009 and January 29, 2010. The minutes of the meetings are placed before the Board at the succeeding Board Meeting for information. Quorum was present at all the meetings.

Details of attendance of Audit Committee members at the Committee meetings are given below:

Members	No of meetings	
	Held	Attended
Mr. Vivek Malhotra, Chairman	5	3
Mr. Guhan Subramaniam*	5	4
Mr. Indresh Narain	5	5
Mr. Pankaj Agarwal**	5	2
Mr. Javed Gaya***	5	2

* Resigned as a Chairman of the Audit Committee w.e.f from 25.6.2009 and resigned as member with effect from 26.5.2010.

** Resigned as a member of Audit Committee with effect from 25.6.2009.

*** Resigned as a member of Audit Committee with effect from 25.6.2009 and reappointed on 2.7.2010.

II HR & Compensation Committee

(a) **Composition:** As at March 31, 2010, the HR and Compensation Committee is comprised of three members: Mr. Guhan Subramaniam, Chairman, who is Independent Non-Executive Director; Mr. Javed Gaya, Independent Non-Executive Director; and Mr. Pankaj Agarwal, CEO & MD. Mr. Guhan Subramaniam resigned as member of the Committee with effect from May 26, 2010.

(b) **Objective/Powers:** The Terms of Reference of the HR & Compensation Committee include the following:

(i) To decide on all matters relating to the Company's stock option / share purchase schemes including the grant of options/shares to the directors and employees of the Company and/or of its subsidiaries;

(ii) To determine and make suitable recommendations to the Board in all matters relating to qualification, appointment, evaluation and remuneration of the non-executive directors of the Board, executive directors of the Company and its managerial personnel under the Companies Act, 1956;

(iii) To review performance and determine the remuneration payable to Executive Directors;

(iv) Establishment and administration of employee compensation and benefit plans;

(v) To decide and make suitable recommendations to the Board on any other matter that the Board may entrust the Committee with or as may be required by any statutes / regulations / guidelines / listing agreements, etc.

As HR & Compensation Committee is responsible for all the objectives of Nomination Committee as suggested under Voluntary CG guidelines, no separate Nomination Committee has been constituted by the Company.

The Committee held two meetings during the year, on May 15, 2009 and October 29, 2009.

Attendance Record in HR & Compensation Committee Meetings held during the year

Name of Member	Meetings held	Meetings attended
Mr. Guhan Subramanian*	2	2
Mr. Javed Gaya	2	2
Mr. Pankaj Agarwal	2	2
Mr. Vivek Malhotra**	2	-
Mr. Indresh Narain **	2	1

* Appointed as Chairman w.e.f. 25.6.2009 and ceased to be a member w.e.f. 26.5.2010

** Ceased to be members of the Committee w.e.f. 25.6.2009

III Shareholders/Investors Grievance Committee

(a) Composition: The Shareholders / Investors Grievance Committee was formed to undertake the responsibilities of redressing shareholder and investor complaints pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.

On June 25, 2009, the Shareholders Grievance Committee was re-constituted with all Independent and non-executive directors, with Mr. Javed Gaya as Chairman and Mr. Indresh Narain and Mr. Vivek Malhotra as members of the Committee. Mr. Guhan Subramaniam and Mr. Pankaj Agarwal ceased to be the members of the Committee.

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

(b) Objective / Powers: The Shareholders / Investors Grievances Committee approves the transfer of shares, issue of duplicate share certificates etc. The Committee also oversees redressal of the shareholders' grievances/complaints and also the compliance with the SEBI (Prohibition of Insider Trading) Regulations 1992. Further the Committee has delegated the power of transfer of shares to the Company Secretary and M/s. Mondkar Computers Pvt. Ltd., Company's Registrars and Share Transfer Agents to attend to share transfers generally once in fifteen days, which are validated by the Committee.

The Committee met four times during the year, i.e. on June 25, 2009, July 31, 2009, October 29, 2009 and January 29, 2010. The minutes of the meetings are placed before the Board at the succeeding Board Meeting for information. Quorum was present at all the meetings.

Attendance Record in Shareholders/Investors Grievances Committee Meetings held during the year

Name of Member	Meetings held	Meetings attended
Mr. Javed Gaya*	4	3
Mr. Vivek Malhotra	4	3
Mr. Indresh Narain	4	4
Mr. Pankaj Agarwal**	4	1
Mr. Guhan Subramaniam**	4	1

* Appointed as Chairman w.e.f. 25.6.2009

** Ceased to be members of the Committee w.e.f. 25.6.2009 and ceased to be directors with effect from 26.5.2010.

Report of Investor complaints received and resolved during year ended 31.3.10:

	No. of cases outstanding as on April 1, 2009	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2010
No. of Investor issues	Nil	6	6	Nil
No. of legal cases	Nil	Nil	Nil	Nil

There were no outstanding complaints pending for more than one month. There were no cases which were not solved to the satisfaction of shareholders.

IV Corporate Governance Committee

(a) Composition: The Committee consists of three directors: Mr. Indresh Narain, Chairman of the Committee, is an Independent Director; Mr. Guhan Subramaniam, Independent Director; and Mr. Pankaj Agarwal, MD and CEO. Mr. Guhan Subramaniam, ceased to be a member with effect from May 26, 2010.

(b) Objective: Objectives of the Committee are to ensure excellence in governance, foster standards of business conduct, and aim to achieve highest levels of transparency, accountability and equity in all facets of operations and transactions in pursuit of increasing value to Stakeholders.

Terms of reference of the Corporate Governance Committee:

(i) Review Board/Corporate Codes and make suitable recommendations to the Board from time to time.

(ii) Oversee Corporate Social Responsibility and Sustainability related issues.

(iii) Review the Structure/Charters of other Board Committees and make suitable recommendations to the Board from time to time.

(iv) Recommend best practices and standards in any particular area to the Board of Directors as per its mandate.

During the year the Committee met on October 29, 2010 and all members were present.

V Administrative Committee

(a) Composition: The Committee consists of two directors, Mr. Indresh Narain, an Independent Director and Mr. Pankaj Agarwal, MD & CEO.

(b) Objective: Objectives of the Committee are to enable the Directors to take faster decisions on day-to-day affairs of the Company, which would include transactions like authorization to officials, opening of bank accounts etc in the course of normal day-to-day business. Any such decision taken by the Administrative

Committee needs ratification by the entire Board in their forthcoming meeting, failing which such resolutions stands to be cancelled.

Terms of Reference of the Administrative Committee:

The Admin Committee is authorized to pass resolutions either at a meeting or through circular resolution relating to normal business transaction and such transaction include, but not limiting to:

- (i) Appointment and authorization of employees of the Company for the conduct of the day-to-day transactions;
- (ii) Raise loans and cash credits for day to day transaction of the Company and create charges and satisfaction of loans/charges and authorize MD or any officials of the Company;
- (iii) Opening of bank accounts and authorize the officials of the Company to operate the accounts;
- (iv) Principal Officer of the Company to raise such loans required from time to time for the operations of the Company;
- (v) Registration of transfer of shares and authorize issue of duplicate share certificates or to delegate the authority to Company Secretary or the STA;
- (vi) Authorization to attend meetings on behalf of the Company;
- (vii) Allotment of shares on exercise of ESOP by the employees;
- (viii) Open branch offices/ units and enter into lease agreements for premises;
- (ix) Engage service providers for the Company, and
- (x) Conduct any such activities in the normal course of day to day business.

The Committee has not met during the period under review.

C OTHER DISCLOSURE

Related Party Transaction

During the year 2009-10 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 at large. The transactions with subsidiaries were at arm's length. Schedule 16 of the Financials as at March 31, 2010 contains list of related party relationships and transactions as required by Accounting Standard-18 on Related Party Disclosures as specified in Companies (Accounting Standards) Rules, 2006.

Disclosures regarding the appointment or re-appointment of directors

According to the Article 112 Articles of Association of the Company, one third of the directors retire by rotation and if eligible, seek re-appointment at the shareholders annual meet. Mr. Vivek Malhotra will retire by rotation in the ensuing AGM. The Board has recommended his re-appointment and sought shareholders approval provided in the Notice convening the

AGM. A copy of the Appointment letter will be made available to Shareholders at the venue of the meeting.

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 last three years.

No penalties have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during the last three years.

Communication to Shareholders

(i) Quarterly Results:

The Company has published its quarterly financial results in the Business Standard (English) and Times of India/ Samyuktha Karnataka (Kannada) /Times Nation (Kannada) newspapers during the year ended March 31, 2010. The results have also been submitted to the Bombay Stock Exchange where the Company's equity shares are listed and posted on the Company's website (www.mindteck.com).

(ii) News Releases and Presentations:

Official news releases, detailed presentations made to media, analysts etc. are displayed on the Company's web site: www.mindteck.com

(iii) Web Site:

The Company's web site www.mindteck.com contains a separate dedicated section "Investor Relations" where all the shareholders' information is available along with the full annual report of the Company.

(iv) Annual Report:

The annual report of the Company containing the annual audited financial statements, both standalone and consolidated, along with the Auditors' Report thereon, the Director's Report, Management Discussion and Analysis Report and other important information is circulated to the shareholders of the Company.

Postal Ballot

For the year ended March 31, 2010, there was no ordinary or special resolution that was needed to be passed through postal ballot.

Compliance Certificates

Certificate on Corporate Governance: As required under clause 49 of the Listing Agreement, a certificate of compliance of Corporate Governance given by B S R & Company, Statutory Auditors, confirming the Company's compliance with Clause 49 of the Listing Agreement is annexed hereto, and forms part of the Annual Report. The Secretarial Audit Reports as required under Listing Agreement have been filed with Stock Exchange periodically.

CEO and CFO Certificate: The Certificate given by the Group CEO / MD and CFO as per clause 49 in the prescribed format also form part of the Annual Report.

Code of Conduct

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Ethics for Directors and Senior Management. A copy of the said Code of Ethics is available on our website www.mindteck.com.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Senior Management, including the Managing Director and Non-Executive Directors. I confirm that the Company has, in respect of the financial year ended March 31, 2010, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

May 17, 2010
Bangalore

Pankaj Agarwal
Managing Director & CEO

Risk Management

The Company has laid down systems to inform Board members about the risk assessment and minimization procedures. The risks and Company's mitigation strategies are more fully described in the risk management section and these procedures are periodically reviewed by the Board of Directors to ensure effective controls.

Compliance with Laws

Mindteck believes in commitment to values and compliance of laws which are the hallmarks of good corporate governance. Legal Compliance Management at Mindteck transcends to using compliances as a yardstick to measure and manage business risks to maximize the stakeholder's values. The Board periodically reviews the status of compliance and the Company continuously aims to be compliant of all applicable laws at all times.

Management Discussion and Analysis

A Management Discussion and Analysis report has been included in the Annual Report.

During the year, the executive management interacted with clients, investors and officials of statutory departments and government. During the year, the Company has done appraisal of all employees and officers for performance evaluation and compensation. During the year, there were no instances of any material financial and commercial transactions in which the Management had personal interest that had a potential conflict with the interest of the Company at large.

Subsidiaries

The Company has no material Indian non-listed subsidiary.

Compliance with mandatory requirements under clause 49 of the listing agreement

The Company had complied with all requirements prescribed by SEBI and other statutory authorities on all matters relating to corporate governance and capital market from the period April 1 2009 to March 31, 2010.

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 the clause 49 of the Listing Agreement, the Company has set up HR & Compensation Committee and has a Whistle Blower Policy in place.

HR & Compensation Committee

We have instituted a Compensation Committee. A detailed note on the Committee is provided in the Annual Report.

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 of alleged wrongful conduct, including unethical behavior, Financial Irregularities, Sexual Harassment, Infringement and misuse of Intellectual Property.

SHAREHOLDERS INFORMATION

Forthcoming Annual General Meeting (AGM)

AGM for the year 2009-10 is scheduled on August 11, 2010 at 4.00 p.m. at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042.

Location and time of last three AGMs held

Date of AGM	Time of AGM	Location
September 28, 2007	4.00 p.m.	HAL Convention Centre, Airport Road, Marathahalli, Bangalore 560 037
July 30, 2008	4.00 p.m.	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1 Dickenson Road, Bangalore 560 042
September 11, 2009	4.00 p.m.	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1 Dickenson Road, Bangalore 560 042

The following special resolutions were passed by the Company in its AGM/ EGMs listed below:

(i) AGM- September 28, 2007

- Appointment and payment of remuneration to the Company's Manager under the Companies Act, 1956.
- Increase in the Company's Authorized Capital u/s 94 of the Companies Act, 1956.
- Issue of equity shares to FI's, Bodies Corporate, FII's and/or high networth individuals on a private/preferential placement basis.

(ii) EGM- November 30, 2007

- Acquisition of ICI Tech Holdings Inc. on cash/stock basis.
- Issue of equity shares to shareholders of ICI Tech Holdings Inc and other investors.

(iii) EGM- February 05, 2008

- Acquisition of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. on a cash/stock basis.
- Issue of equity shares to shareholders of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. and other investors.

(iv) AGM – July 30, 2008

- Adoption of Mindteck Employees Stock Option Scheme 2008.
- Extension of Mindteck Employees Stock Option Scheme 2008 to the employee of its subsidiaries across the globe.
- Appointment and payment of remuneration to the Company's Managing Director under the Company's Act, 1956.
- Issue of equity shares to shareholders of Chendle Holdings Ltd. and other investors.

(v) EGM – January 19, 2009

- Issue of equity shares to shareholders of Chendle Holdings Ltd. and other investors.

(vi) EGM – May 5, 2009

- Reduction of capital by writing down share premium account.

No special resolutions were passed through the postal ballot procedure during the year ended March 31, 2010.

Financial Calendar: 1 April 2009 to March 31, 2010.

Book Closure dates for the forthcoming AGM: August 2, 2010 to August 11, 2010 (both days inclusive).

Mindteck's equity shares are listed on the Bombay Stock Exchange Limited ('BSE') as at March 31, 2010 and Stock code is – 517344.

Address of Registrar and Transfer Agents

M/s. Mondkar Computers Pvt. Ltd.,
25, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai – 400 093.
Email address: santosh gamare [gamare@mondkarcomputers.com]

Share Transfer System

The Company's Registrars and Share Transfer Agent, M/s. Mondkar Computers Pvt. Ltd., processes shares sent for transfer/transmission etc. in two batches every month and ensures that the share transfers/transmissions, etc. are effected within stipulated time. Transfers/transmissions, which are complete in all respects, are processed and the certificates in respect thereof are returned to the lodger/shareholder within 30 days of lodgment.

Dematerialization of Shares and Liquidity

Effective August 28, 2000 it has become compulsory to trade the Company's shares in dematerialized form. Since the shares of the Company are falling under compulsory demat category, the chances of fraudulent interception, etc. have been reduced considerably. The Company continues to receive requests for demat on a regular basis and the same is being facilitated through the Depository Services provided by National Securities Depository Ltd. and Central Depository Services Ltd. The Company, in co-ordination with its Registrars & Share Transfer Agents, M/s. Mondkar Computers Pvt. Ltd. facilitates simultaneous transfer of shares and dematerialization. This reduces correspondence, time and effort of all shareholders by ensuring maximum investor satisfaction and transparency.

As of March 31, 2010, 98.12% of our shares were held in dematerialized form.

Investor's complaints

Name of the Complaint	2010		2009	
	Received	Attended	Received	Attended
No. of investors issues	6	6	7	7
No of legal cases	Nil	Nil	Nil	Nil

There are no legal proceedings related to disputes in the matter of investors' grievances.

Shareholders holding more than 1% of the Company (other than promoters of the Company)

#	Name of shareholders	No. of shares	% of holding
1	Banco Efisa S.A.	2,726,668	11.01
2	Infotech Ventures Ltd.	261,747	1.06
3	Tadhamon International Islamic Bank	802,000	3.24
4	Mahesh Tharani	320,149	1.29
5	Pankaj Agarwal	1,200,000	4.85
6	Mindteck Employees Welfare Trust	416,000	1.68
7	Mindteck Investors Trust	784,447	3.17

SOFTWARE DEVELOPMENT CENTERS:**Bangalore:**

- 16/3, Cambridge Road, Ulsoor, Bangalore 560 008.
- 2730, 'Trikannika', 80ft Road, Opp. CMH Hospital, Bangalore 560 038

Kolkata:

- Millennium City Information Technology Park, Unit: T-2 9C, Tower II, 9th and 14th Floors, Sector V, Block DN, Salt Lake Electronics Complex, Kolkata – 700 091

Delhi:

- 75/C (SF) Sector 18, Gurgaon, Haryana- 122 002

Compliance Officer and Registered Office Address for Correspondence:

Ms. Usha T N
VP, Legal & Company Secretary
Mindteck (India) Limited
16/3, Cambridge Road,
Bangalore 560 008.
Phone+91 80 4154 8013; Fax: +91 80 4112 5813
Email: Usha.TnRam@mindteck.com

For additional information on the Company refer to website: **www.mindteck.com**

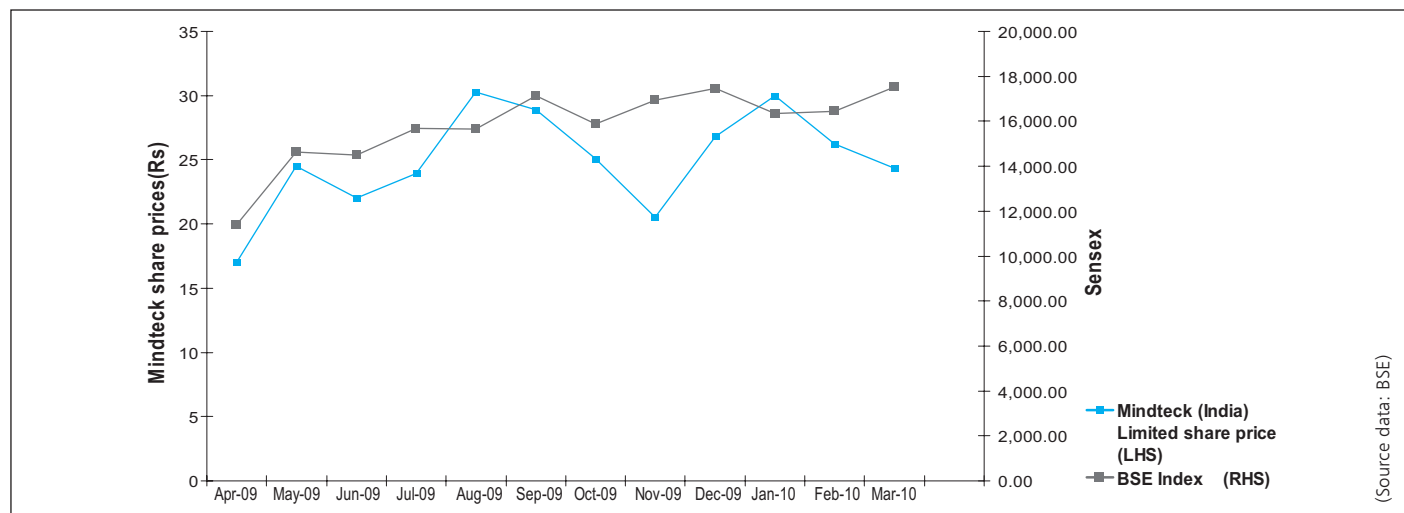
Market Price Data: High, Low of Company's equity shares on the Bombay Stock Exchange, Mumbai during each month in the year ended March 31, 2010

Month	Sensex		Share Price		Trade	
	High	Low	High Rs.	Low Rs.	No. of shares traded	Value Rs.
April 2009	11,492.10	9,546.29	18.97	13.75	30,651	531,494
May 2009	14,930.54	11,621.30	25.50	15.00	31,039	640,360
June 2009	15,600.30	14,016.95	25.75	19.55	26,043	607,883
July 2009	15,732.81	13,219.99	24.95	19.00	9,515	210,629
August 2009	16,002.46	14,684.45	34.55	21.50	24,829	704,134
September 2009	17,142.52	15,356.72	31.50	25.80	26,405	758,356
October 2009	17,493.17	15,805.20	29.95	24.75	16,859	465,825
November 2009	17,290.48	15,330.56	25.50	20.00	47,048	1,071,007
December 2009	17,530.94	16,577.78	29.20	21.20	35,847	958,031
January 2010	17,790.33	15,982.08	37.20	26.75	73,342	2,345,349
February 2010	16,669.25	15,651.99	32.40	25.00	11,643	3361,41
March 2010	17,793.01	16,438.45	30.70	22.80	56,041	1,437,655

Performance in comparison to broad-based BSE Index & BSE IT Index

Month	Closing share price on month's last trading day (Rs)	BSE Index	BSE IT Index
April 2009	16.99	11,403.25	2,663.35
May 2009	24.50	14,625.25	2,997.55
June 2009	22.05	14,493.84	3,287.20
July 2009	23.95	15,670.31	3,962.12
August 2009	30.25	15,666.64	4,172.52
September 2009	28.90	17,126.84	4,570.91
October 2009	25.11	15,896.28	4,425.52
November 2009	20.55	16,926.22	4,757.27
December 2009	26.80	17,464.81	5,186.35
January 2010	30.00	16,357.96	4,977.71
February 2010	26.25	16,429.55	5,173.99
March 2010	24.35	17,527.77	5,237.50

Performance of Mindteck shares in comparison to BSE Index :



Distribution of Shareholding as on March 31, 2010

	As on March 31, 2010				As on March 31, 2009			
Range	Shareholders		Shares		Shareholders		Shares	
No. of Shares	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total
1 – 500	7,414	95.38	494,737	1.998	7,603	95.23	513,927	2.08
501 – 1000	178	2.29	143,481	0.579	186	2.33	149,161	0.60
1001 – 2000	75	0.97	109,153	0.441	76	0.95	110,180	0.44
2001 – 3000	26	0.33	62,399	0.252	30	0.38	75,205	0.30
3001 – 4000	14	0.18	49,305	0.199	9	0.11	31,255	0.13
4001 – 5000	8	0.10	35,628	0.144	7	0.08	32,336	0.13
5001 – 10000	30	0.39	221,294	0.894	19	0.24	140,032	0.57
10001 & above	28	0.36	23,648,596	95.494	54	0.68	23,712,497	95.75
Total	7,773	100.00	24,764,593	100.000	7,984	100.00	24,764,593	100.00

Shareholding Pattern as on March 31, 2010

	No. of shares	% of holding
(A) Shareholding of Promoter and Promoter Group		
1 Indian	-	-
2 Foreign	16,169,857	65.29
Sub Total(A)	16,169,857	65.29
(B) Public shareholding		
B1 Institutions	0.00	0.00
B2 Non-institutions		
1 Bodies Corporate	85,566	0.35
2 Individuals	1,175,812	4.75
3 NRI/OCBs	2,209,590	8.92
4 Clearing Members	8,378	0.03
5 Foreign National	98,783	0.40
6 Foreign Corporate Bodies	3,790,415	15.31
7 Foreign Bank	25,720	0.10
8 Mindteck Employees Welfare Trust	416,000	1.68
9 Mindteck Investors Trust	784,447	3.17
Sub-Total B1+B2	8,594,711	34.71
TOTAL (A)+(B)	24,764,593	100.00

Disclosure of Utilization of Funds raised through preferential issue:

Particulars	Amount (Rs)
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amount raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of proceeds in previous years	
- Cash consideration for acquisition of subsidiaries	99,304,500
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Working capital requirements of the Company	19,697,186
Deployment of proceeds in current year	
- Additional investment in wholly owned subsidiary Mindteck Inc.	
(to the extent of funds remaining unutilized from the preferential issue proceeds)	55,180,316
	298,027,479

Entire funds raised through preferential issue have been utilized for the purpose for which it has been raised.

Transfer of Unpaid/ Unclaimed amounts to "Investor Education and Protection Fund"

Section 205C of the Companies Act, 1956, read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 of the Companies Act, 1956 mandates that the Companies transfer dividend that is unclaimed for a period of 7 years from the date it became due to the Investor Education and Protection Fund (IEPF) Account.

In accordance with the above provision, Mindteck has credited a total of Rs 96,436 to the Investor Education and Protection Fund Account. Details of the aforesaid are as under:

Type of Investment	Amount in Rs.
Dividend	89,861
Refund of Rights Issue Proceeds	6,575
Total	96,436

The dividends if not claimed within 7 years by the shareholders will be transferred to Investor Education and Protection Fund (IEPF) Account.

On behalf of the Board of Directors

Bangalore
Date: July 2, 2010

Pankaj Agarwal
Managing Director & CEO

MANAGEMENT DISCUSSION & ANALYSIS

In addition to historical information, this Annual Report contains certain forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the Management's Discussion and Analysis of financial performance and elsewhere in this report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof.

INDUSTRY OVERVIEW 2009

The impact of the 2008-2009 economic slump was unfavorable for nearly all sectors of the global economy. What started out as a sub-prime housing loan crisis in the U.S., snowballed into a worldwide downturn that drove several developed economies into recession and severely hindered the rapid growth rates seen over the past years in emerging markets. As the downturn put immense pressure on businesses to reduce operational costs, unemployment rates rose to record levels. The slowdown also compelled businesses to consolidate their operations by focusing on productivity, efficiency and optimal utilization of resources.

In a recently published report, leading analyst firm Gartner stated that worldwide IT services revenue declined by 5.3% in 2009, with the sector recording revenue of US\$763 billion in 2009 as compared to US\$805 billion in 2008.

Each of the five largest IT services providers in 2009 declined in revenue. The top 20 vendors as a group gained ground slightly over their smaller competitors in 2009, with the group accounting for 37.5% of the market, up marginally from 37.3% in 2008.

Key IMF Projections

- Advanced economies are expected to grow at a sluggish pace of 1.3% in 2010 following a contraction in growth of 3.4% in 2009,
- U.S. is expected to expand by 1.5% in 2010 after weathering a recession which saw its economy shrink by 2.7% in 2009,
- GDP is forecast to rise by 0.3% in the Euro Area in 2010 and 0.9% in the U.K. after contractions of 4.2% and 4.4% respectively in 2009,
- Emerging and developing economies are projected to cross 5.0% growth in 2010, up from 1.7% in 2009.

China and India, the two fastest growing major economies globally and the chief drivers of the global economic recovery, are slated to grow at 9.0% and 6.4% in 2010, up from 0.5% and 1% respectively from the previous year.

As far as the information technology industry is concerned, it is in a state of continuous transition due to constantly advancing technologies, fierce competition and growing customer sophistication. The emergence of new, disruptive technologies, like cloud computing, and sustainability and Green IT, have entered mainstream dialogue. Alliances and partnerships have emerged, evolved and changed in response to shifting customer demands

and extensive industry convergence. Access to capital, attracting and retaining top talent and quicker time-to-market are more crucial than ever. Even the most forward-looking business plans are quickly archaic. Future winners will be those companies who agilely manage change to blend state-of-the-art technology with a clear vision of the future.

Gartner highlighted three areas of importance for IT leaders to consider in 2010: a shift from capital expenditure to operational expenditure, the impact of aging IT hardware, and the need for IT professionals to create compelling business cases.

Offshore Business 2009

The demand for cost-cutting measures accelerated during the downturn, yet the related uncertainty curbed long-term IT outsourcing deals. However, for the IT services sector, the recession brought about mixed benefits. Gartner predicted as much at the start of 2009, when it forecast that while the IT services industry was not immune from the effects of recession, the potential cost savings associated with outsourcing were too valuable to be ignored for long.

According to NASSCOM's Strategic Review 2010, for the Indian IT- BPO industry, the downturn in 2008-09 signaled the beginning of a new world order and a shift in the way the IT outsourcing industry operates. The industry viewed this crisis as an opportunity, by not only exhibiting resilience but also sustaining its growth.

However, India-based vendors grew only 3.6%, in terms of U.S. dollars, in 2009, down from 15.4% growth in 2008. India-based vendors were impacted early in the economic downturn. This is as expected, since these providers sell especially heavily to the financial sector, and typically lead with offshore application development services, which are relatively easy to delay in tough times.

A study by NASSCOM pointed out that, going forward, the key global sourcing drivers would continue to be cost, access to talent, business improvements, better speed-to-market, and access to emerging markets. The future outlook for all these drivers is positive, leading to increased momentum for global sourcing. Environmental considerations, such as climate change, global warming, social responsibilities and compliance concerns would all tally up to an increase in pressure on margins, which would need to be offset by increasing global sourcing. Access to talent is likely to become more decisive as workforce demographics indicate a shortfall in the long term in all major developed countries such as the U.S., U.K., France, Germany, and Japan, as well as some developing countries.

The revenue aggregate of the IT BPO industry is expected to grow by over 5%, and reach US\$73.1 billion in 2009-10, as compared to US\$69.4 billion in 2008-09.

Market Outlook by Industry – 2010

As the world economy comes back on a growth path, 2010 is anticipated to be a positive year for most industries. Some of the critical industries that Mindteck's business is connected with are discussed below.

Worldwide IT Services Outlook

Worldwide IT Services spending in 2010 is forecast to reach US\$816 billion, a 4.5% increase from 2009, according to a Gartner report on IT spending in 2010. The report also states that several contracts for more standardized services, such as software support, are multiyear and cannot be instantly terminated, which safeguards revenue during tough times. Global delivery models allow buyers to use less expensive labor, which simultaneously increases the demand for previously unaffordable services while further reducing spending rates on standardized services.

Life Sciences and Analytical Instruments Industry Outlook

The catalysts for analytical instrumentation are mainly life and physical science applications. Life science applications generally include the examination of living or organic materials in agriculture, biotechnology, food and beverage, medical, and pharmaceutical applications. Advancing technologies and expanding applications will compel strong growth in analytical instrumentation over the next 10 years.

As per Instrumentation Outlook 2020, a Pittcon 2010's Official Show Guide article which takes a look at the projected analytical instrumentation landscape in the year 2020, "The varied and wide-ranging technology and business environments involving such topics as synthetic chemistry, nano-biotech, personalized medicine, genomics and proteomic, global warming, renewable energy, quantum electronics, sustainability, artificial intelligence and global economics, among others, will all leave their imprint on the changing face of analytical instrumentation over the next 10 years."

"While the 2008-2009 recession that cut into all industries' lab budgets has technically ended in most western countries, a realistic recovery (in the U.S. and Europe) is not expected to return to pre-2008 spending levels until 2013 or later. This factor will limit both the development of new analytical instrumentation technologies and products, as well as limit the acceptance and purchase of any new instruments that are developed by cash-strapped research labs. A strong economic recovery in Asia, however, will support analytical instrumentation development efforts for that market, with possible technical carryovers into the U.S. and European markets."

Medical Devices Industry Outlook

The vast global medical devices industry has annual worldwide sales in excess of US\$200 billion, with the U.S. alone accounting for roughly 41% of the market. Unprecedented debt in the U.S., together with its push for expanded health care, will likely cause continued uncertainty and affect the buying patterns of health care providers. This may have a ripple effect across rest of the world's health care market, according to a Medical Device & IVD Industry Survey by the Emergo Group.

As per the "Global Medical Devices Industry Outlook to 2010", a new report published by Global Markets Direct in association with ICD Research, as many as 56% of medical device manufacturers and contractors expect to increase their procurement spend over the next 12 months, and a further 20% are looking to maintain it at current levels; and with many claiming to re-evaluate their supplier base, the market open to competition is expected to

increase over the coming year. Thirty percent of industry buyers are seeking to engage in partnerships to optimize working capital and reduce costs and closer cooperation between suppliers and buyers is being sought during this time of market uncertainty. Twenty-eight percent of medical device manufacturers are adapting product portfolios or positioning to meet clients' cost pressures.

Smart Energy Industry Outlook

Knowledge and awareness about the favorable effects of energy efficiency was raised to newer heights in 2009. Smart grid companies performed well in 2009 and they are predicted to continue to do well in 2010. The industry has gained so much momentum that it should represent US\$200 billion in total spending by 2015, according to a new report just released from Pike Research. Smart grid will help facilitate newer and bolder energy efficiency and sustainability measures. There is also expected to be some consolidation in this industry.

Independent Software Vendors Outlook

According to Gartner research, global software spending will increase slightly in 2010, with a growth of 1.5% being driven predominantly by buyers in Asia Pacific and Latin America – regions where predicted increases in spending on software are 4.3 and 2.5 percent, respectively. North America's software spend is expected to decrease by 2.1%, while in Europe a small increase of 0.45% is anticipated.

As per Gartner's recommendations, independent software vendors need to be able to differentiate with key integration technologies, vertical-market and line-of-business solutions, and diversified customer bases. Gartner also said that infrastructure spending, i.e. telecoms, networks, PCs, etc., account for 37% of the IT budget. Savings in the infrastructure area are being used to fund 'frontier applications' that drive innovation and provide competitive edge; these frontier applications make major changes in business performance possible.

Mindteck outlook for US Government IT spend

As per Input Research, the demand for vendor-furnished information systems and services by the U.S. government will increase to US\$111.6 billion by 2015 at a compound annual growth rate (CAGR) of 5.4%. The latest figures on IT budget requests for the federal government are US\$79.4 billion for fiscal year 2011, an increase of 7 percent over 2010 enacted levels.

The federal government's short-term goals include data center and hardware consolidation, increasing the quality of information security, and showing as much transparency and accountability as possible with the use of social and Web-based technologies. Longer term, the U.S. government is focusing efforts on adopting stronger health care technology practices, boosting a green economy in renewable energy, establishing smart grids and enhancing the manufacturing of advanced battery technologies, according to Input Research's Plexico.

Professional services, systems integrators, security professionals, health IT software companies and large-scale technology service providers all stand to benefit from information technology spending in fiscal year 2011 and beyond, according to upcoming annual research on government spending.

IT Services (Prof Services, SI, and Outsourcing) segments continue to be the strongest market segments, followed by Software. Drivers for IT services include Data Center consolidation and optimization, cloud computing, SOA, and healthcare reform, in addition to the ongoing human capital challenges the fed faces to meet the ever-increasing scope of government and the redefinition of areas that are considered inherently governmental.

Semiconductor Industry Outlook

Research by Frost & Sullivan suggests that the semiconductor industry has started looking up in 2010 and is innovating itself out of the downturn. As chip suppliers displayed improvements in revenue and profits in the second half of 2009, the overall semiconductor industry is set to enter a low-growth phase and reach US\$241 billion in revenue in 2010. The Semiconductor Industry Association expects semiconductor sales to increase 10.2% in 2010, and 8.4% in 2011.

Outlook for Mindteck

Market guidance for both IT and Product Engineering are upbeat for FY 11. On the IT Services business side, we'll consolidate our focus around the vast potential of the Microsoft partnership. As has been previously mentioned, one of our key strategic steps during FY10 was forging a strong alliance with Microsoft through 'Services Ready', its invite-only global partnership program. We believe this partnership will lay the foundation for a strong growth story in the coming months as we further strengthen our Microsoft technology delivery competencies.

In the coming year, we also plan to aggressively grow our Product Engineering business. The combination of our strong vertical competencies in Semi, Analytical Instruments, Smart Energy, ISVs, and medical devices, for instance, and the industry outlook for such verticals, hold much promise. During the year under review, a lot of innovation efforts have gone into building specific technology Solution Accelerators that are reusable and repeatable across multiple industries. We believe these Solution Accelerators will help clients reduce time-to-market for launching new products, and also help differentiate our services platform.

Opportunities

While the economy spiraled downward in 2009 and IT budgets were slashed worldwide, 2010 looks more promising. It is during slow growth periods that research and development budgets get pushed to the forefront. IT investment priorities have shifted post-recession and shaped the outlook for certain emerging technologies. Technology projects that got the go-ahead were the ones that lowered operating costs, increased productivity and streamlined business processes. These technologies have gained more interest within the industry and have laid the foundation for more strategic IT initiatives going forward.

The top emerging technology trends this year are Storage, Device, Network and Computing. Mindteck has made good progress in each of these areas, supported by a range of technology skills and capabilities within the organization.

Threats

IDC predicts that worldwide IT spending will grow by 3.2% in 2010, returning the industry to 2008 spending levels of about US\$1.5 trillion. With IT spending forecast to return to pre-recession levels, IDC believes that transformation will impact every corner of the industry in 2010. The biggest threat to IT companies during this phase will be the high level of competition fuelled by innovation, from all quarters in the technology market. Also, pressure from clients demanding greater value at lower costs poses a considerable threat to IT providers' profitability in 2010. Service providers need to be flexible and agile to quickly react to shifting customer demands post-downturn. This apart, the strong challenges in attracting and retaining key talent and how the company succeeds in managing attrition risks, will determine Mindteck's ability to realize its objectives in FY 11.

Risks and Concerns

In addition to existing risks and concerns, technology companies are facing a fresh set of issues, such as foreign competition, talent attraction and retention, intellectual property infringement and development of innovative products and services.

According to a survey by Aon, new concerns include changes in economic conditions, growing concerns about product liability, changes in technology risks, changes in liabilities to board members, exposures associated with international alliances and joint ventures, ability to drive strategic plans, executive compensation tied to stock prices, competition, taking care of key people, and the need for continued research and development investments.

Mindteck's risk management program has identified all these risks and, as a constant process, works at mitigating their impact at a global level. In addition to the operating risks indicated above, the company also encounters the following additional risks:

Foreign exchange fluctuation – To the extent that the earnings and expenses are in differing currencies, entities within the Mindteck Group face this risk at varying levels. The maximum risk is concentrated in India and the U.K. Again, in the global context, the risks are not very substantial since both the geographies play a relatively smaller role in worldwide operations. To mitigate these risks, we've undertaken forward cover contracts and opted for protection by way of automatic hedge through conversion of liabilities and borrowings into the same currency as receivables.

Client and geographic concentration – About 70% of our revenue is contributed by our top 10 customers, and about 86% of our revenues is generated in the U.S. During the fiscal year, we continued our attempts to mitigate this risk by working toward broadening our scope in other regions.

Liquidity risks – Cash flow position is regularly monitored and projections are made to help determine the cash requirement in good time. The company has sufficient internal accruals and working capital lines to take care of its requirements.

Internal Control Systems and their adequacy

Mindteck's control systems are geared adequately to ensure the realization of the following objectives:

1. Prevention of fraud

2. Accuracy in reporting financial statements
3. Due authorizations for transactions of the company
4. Safeguarding the company's assets

Quarterly internal audits are conducted to ascertain and improve the effectiveness of the internal control measures adopted, and the Audit Committee of the Board reviews and guides the Management suitably, as and when required.

DISCUSSION ON FINANCIAL PERFORMANCE

Share Capital

Mindteck has an issued share capital base of 24,764,593 equity shares of Rs 10/- face value. All the shares are fully paid up. In addition, 270,056 equity shares are reserved for allotment to certain allottees as at March 31, 2010, in relation to discharge of consideration for the acquisition of Chendle Holdings Inc., one of the company's wholly-owned subsidiaries and its step down subsidiary, Primetech Consulting Inc. The allotment has been pending owing to the non-availability of Permanent Account Number (PAN) for these shareholders. Of the total issued capital, an aggregate of 14,071,624 equity shares have been issued for consideration other than cash. These allotments are connected to the M&A deals undertaken by the company.

Further, issued capital also includes 416,000 equity shares allotted to the Mindteck Employee Welfare Trust (MEWT) under the ESIS 2000 Scheme. The trust was set up with the objective of transferring its holdings in Mindteck (India) Ltd to deserving employees, by way of share based compensation. Consequent to ESOP schemes issued by the company in 2005 and 2008, the allotted shares continue to be held by the MEWT. Owing to the consolidation of the Trust's accounts with that of Mindteck, the number of shares and corresponding capital and share premium, held by the Trust are deducted from the issued share capital and securities premium accounts.

During the year, we also granted 85,200 options to employees under the Mindteck Employee Stock Option Scheme, 2005. As at March 31, 2010, the total number of employee stock options outstanding amounted to 310,567, out of which 192,267 have already vested.

Reserves and Surplus

Mindteck has retained a balance of Rs 24.17 million in the Profit and Loss Account as at March 31, 2010. Shareholders funds, excluding capital reserves, increased from Rs 1,080.26 million in FY 2009 to Rs 1,097.28 million in FY 2010.

Secured Loans

Mindteck's secured loans are working capital advances funded by banks in the U.S. and India. As at March 31, 2010, there is no amount outstanding in the U.S. subsidiary's books, whereas in India the borrowings amounted to Rs 7.08 million by way of an INR loan, and Rs 10.28 million on account of foreign currency loans. During the year, the company opted for converting a major portion of its borrowings into a U.S. dollar denominated packing credit in order to achieve a significant interest cost reduction, while enjoying a natural hedge against currency fluctuation.

Unsecured Loans

Mindteck has a receivables factoring facility in Singapore. The borrowings as at March 31, 2010 stood at Rs 4.24 million.

Fixed Assets

Mindteck invested Rs 6.40 million in fixed assets during the fiscal year. Computer software amounting to Rs 13.67 million was impaired pursuant to a business decision to discontinue the company's web-based services for credit card merchant certification. The company was conducting this business under the brand name "Simply PCI".

Investments

Mindteck had nine wholly-owned subsidiaries as at March 31, 2010. The nature of operations of these subsidiaries is as follows:

- Mindteck, Inc., U.S. – Operating company
- Mindteck Singapore Pte. Ltd, Singapore - Operating company
- Mindteck UK Ltd – Operating company
- Mindteck Middle East Ltd SPC – Operating company
- Mindteck Software Malaysia Sdn Bhd – Operating company
- Mindteck Germany GmbH – Selling and marketing company
- Mindteck Netherlands BV- Selling and marketing company
- Chendle Holdings Ltd – Investment arm holding stock in Mindteck Inc., US.
- Mindteck BPO Services Pvt. Ltd – Dormant Company

During the year, Mindteck invested Rs 99.57 million in Mindteck Inc., US.

Net Current Assets

Mindteck's accounts receivables as at March 31, 2010 amounted to Rs 356.75 million, representing about 57 days of sales. All debts doubtful of recovery have been provided for in the financial statements.

Cash and bank balances amounted to Rs 49.88 million, including both rupee and foreign currency accounts. The amount includes margin money balances of Rs 5.00 million towards availing of credit facilities and bank guarantees issued by the company's bankers.

Loans and Advances include amounts deposited in accordance with lease agreement, advances to staff, income tax paid towards current dues and refundable for previous years and input service taxes (to the extent recoverable from authorities).

Unbilled revenues represent revenues recognized as per governing accounting standards, in respect of which invoices are not raised as at March 31, 2010.

Current Liabilities and Provisions represent accounts payable, tax provisions and outstanding liabilities toward supplies for which bills were not received as at March 31, 2010. Due care has been taken to ensure that all known liabilities are provided for.

Unearned income represents payments received from customers for which work was yet to be delivered as at March 31, 2010.

Deferred Tax Asset/Liability

Deferred tax asset or liability arises while distributing the tax expense over a period of time that the tax profits and book profits differ on account of varying treatment of deductible items of income and/or expense in the respective books and varying depreciation methodologies in the tax books and financial statements. These are called temporary differences. Deferred tax assets are also generally recognized in respect of brought forward tax losses from earlier years, to the extent they are eligible for set off against likely tax profits from operations. In accordance with governing accounting standards on recognition of deferred tax asset/liability, the company has recognized only such portion of deferred tax impact that results from temporary timing differences and has recognised deferred tax assets only to the extent they are considered recoverable.

RESULTS OF OPERATION

Income

Revenues from software services registered almost a 20% drop in FY 10. The company recorded Rs 2,265.40 million in FY 11 as against Rs 2,821.37 million in FY09. This was mainly on account of the economic slowdown resulting from the financial meltdown in the U.S. and other developed economies.

The items of other income include rental incomes from sublease, rentals from our own property, interest income from deposits and other miscellaneous items. The income from sub-lease (Rs 29.89 million) arose due to the leasing of surplus office space not required at this time. The corresponding expense against the income from sublease (Rs 29.59 million) forms part of the operating expense included in Schedule 13 – Operating and Administrative Expense.

Expenses

Manpower expenses for the year stood at Rs 1,893.44 million as against Rs 2,390.58 million last year. While revenues dropped 20%, manpower expense dropped by 21%.

Operating expenses (as in Schedule 13) amounted in all to Rs 304.79 million. The company undertook several cost rationalization measures and ensured that a reduction of expenses was achieved in almost each and every line item of expense from the previous year's levels.

Finance charges in FY 10 were Rs 7.13 million as compared to Rs 14.04 million in FY 09. The major reason for the expense reduction was due to more prudent cash flow management,

coupled with the conversion of rupee loans in India into foreign currency loans at significantly lower interest rates.

Depreciation and impairment includes a charge of impairment (Rs 13.67 million) of software owing to the discontinuation of web based services mentioned previously under Fixed Assets.

Tax provision for the year amounting to Rs 24.04 million is the aggregate of current tax liabilities in all tax jurisdictions in which the company operates and a reduction in the net deferred asset position at March 31, 2010. Tax provisions in India are based on the Minimum Alternative Tax (MAT) in accordance with the prevailing tax laws. Tax provisions in the U.S. are made ignoring the brought forward losses arising from the M&A deal undertaken by the company, pending a more detailed study on the origin, nature and quantum of eligible losses in the context of applicable regulations governing their carry forward and set-off. The provision also includes current tax liability for the company's service PE (Permanent Establishment, as defined in the Double Taxation Avoidance Agreement (DTAA)) in the U.S., to the extent the same is not recoverable from Indian Tax authorities under the DTAA.

Operating Profit and Net Profit

EBIDTA (operating profit) for the year amounted to Rs 105.26 million as against Rs 179.50 million the previous year. The OPM was 4.65% in FY 10 versus 6.36% last year. This result was achieved despite a 20% drop in revenues.

Net profit was Rs 33.52 million in FY10, at about 1.5% of software revenue, whereas it was Rs 109.80 million in FY 09 at 3.9% of software revenue.

HUMAN RESOURCES

While we value our employees and adopt 'Best Practices', we consistently strive to ensure that our human resource base is both productive and efficient. Our human resource policies are aligned accordingly, with an emphasis on training and retention.

Given that FY 10 was a year of low demand amidst the economic recession, global recruitment also mirrored the market conditions. As at March 31, 2010, the total number of employees across all geographies, including consultants engaged for service delivery, was 872.

On behalf of the Board of Directors

Bangalore
Date: July 2, 2010

Pankaj Agarwal
Managing Director & CEO

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Board of Directors
Mindteck (India) Limited

We, Pankaj Agarwal, Managing Director & CEO and Suresh Rao, Group CFO, to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statements and the cash flow statement for the year ending March 31, 2010 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or which violate the company's code of conduct.
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:
 - a) Evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting;
 - b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and
 - c) The steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the company's auditors and the Audit committee of the Board of Directors
 - a) Significant changes that have occurred in the internal control over financial reporting during the year;
 - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - 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;
 - d) All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.

Bangalore
May 17, 2010



Pankaj Agarwal
Managing Director & CEO



Suresh Rao
Group-CFO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF MINDTECK (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by Mindteck (India) Limited ('the Company'), for the year ended on March 31, 2010, as stipulated in Clause 49 of the listing agreement of the Company with the stock exchange.

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 & Company**
Chartered Accountants
Registration number : 128032W

Place: Bangalore
Date: July 2, 2010

Supreet Sachdev
Partner
Membership No. 205385

AUDITORS' REPORT

TO THE MEMBERS OF MINDTECK (INDIA) LIMITED

We have audited the attached balance sheet of Mindteck (India) Limited ('the Company') as at March 31, 2010, the profit and loss account of the Company and the cash flow statement of the Company 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 the 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.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the 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.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) 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;
 - (b) 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;
 - (c) 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;

- (d) 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;
- (e) on the basis of written representations received from the directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) 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:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at
March 31, 2010;
 - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (iii) 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 & Company**
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: 17 May 2010

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of our report to the members of Mindteck (India) Limited ('the Company') for the year ended March 31, 2010. We report that:

- i. (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 all 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. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii. The Company is a service company, primarily rendering software, IT-enabled and related services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- iii. 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.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the 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.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- ix. (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, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a delay in a few cases. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Wealth tax, Sales-tax, Customs duty, Excise duty and Investor Education and Protection Fund.

There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Service tax and other material statutory dues were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute, except as disclosed below:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax/ interest	15,590,456	Assessment year 2006-07	Dispute Resolution Panel (DRP), Bangalore

As explained to us, the Company did not have any dues on account of Wealth tax, Sales tax, Customs Duty, Excise Duty and Cess.

- x. 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.
- xi. 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 institutions or debentureholders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. 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.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given a guarantee for a loan taken by others from a bank are not prejudicial to the interests of the Company. According to the information and explanations given to us,

the Company has not given any guarantee for loans taken by others from financial institutions.

- xvi. The Company did not have any term loans outstanding during the year.
- xvii. 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 funds raised on short-term basis have not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.

xx. The Company has not raised any money by public issues.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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for **B S R & Company**
Chartered Accountants
Registration number : 128032W

Place: Bangalore
Date: 17 May 2010

Supreet Sachdev
Partner
Membership No. 205385

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,485,930	243,485,930
Equity share capital reserved for issuance	16(3)	19,859,926	19,859,926
Reserves and surplus	2	<u>1,110,465,963</u>	<u>1,092,201,327</u>
		1,373,811,819	1,355,547,183
Loan funds			
Secured loans	3	17,356,124	94,072,153
		1,391,167,943	1,449,619,336
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	115,493,418	113,265,154
Less: Accumulated depreciation		<u>(82,463,594)</u>	<u>(68,629,317)</u>
Net block		33,029,824	44,635,837
Investments			
	5	1,231,291,030	1,132,217,867
Current assets, loans and advances			
Sundry debtors	6	83,730,998	259,574,227
Cash and bank balances	7	12,259,062	93,568,481
Loans and advances	8	<u>135,546,668</u>	<u>117,078,067</u>
		231,536,728	470,220,775
Current liabilities and provisions			
Current liabilities	9	96,566,308	187,105,752
Provisions	10	<u>8,123,331</u>	<u>10,349,391</u>
Net current assets		126,847,089	272,765,632
		1,391,167,943	1,449,619,336

Significant accounting policies and notes to the accounts 16
The schedules referred to above form an integral part of the balance sheet.

As per our report attached
for B S R & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 17, 2010

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 17, 2010

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Income from software and IT-enabled services	11	459,533,025	544,336,481
Other income	12	36,059,157	80,925,341
		495,592,182	625,261,822
EXPENDITURE			
Manpower costs	13	261,344,738	305,172,146
Selling, operating and administration expenses	14	193,428,163	257,085,861
Finance charges	15	3,483,946	8,826,585
Depreciation	4	13,972,329	12,988,320
		472,229,176	584,072,912
Profit before taxation		23,363,006	41,188,910
Taxation			
- Current tax - domestic		3,970,543	3,986,820
- Current tax - foreign		1,127,827	-
- Fringe benefit tax		-	1,573,423
- Deferred tax		-	-
Profit after taxation		18,264,636	35,628,667
Balance in profit and loss account brought forward		74,720,890	40,475,731
Add: effect of consolidation of the Mindteck Employees Welfare Trust		-	208,000
Amount available for appropriation		92,985,526	76,312,398
Appropriations :			
Dividend		-	1,360,322
Corporate dividend tax		-	231,186
Balance in profit and loss account carried forward		92,985,526	74,720,890
Earnings per share ('EPS')	16(16)		
(Equity shares, par value Rs 10 each)			
-Basic		0.75	1.48
-Diluted		0.74	1.45
Weighted average number of shares used in computing earnings per share			
-Basic		24,348,593	24,013,710
-Diluted		24,628,714	24,601,726

Significant accounting policies and notes to the accounts 16
The schedules referred to above form an integral part of the profit and loss account.

As per our report attached
for B S R & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 17, 2010

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 17, 2010

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Cash flow from operating activities		
Profit before taxation	23,363,006	41,188,910
Adjustments for :		
Depreciation	13,972,329	12,988,320
Interest expense	2,702,060	7,492,957
Dividend income	-	(5,594,316)
Interest on fixed deposits	(657,728)	(4,039,557)
Investment written off	500,000	-
Profit on sale of fixed assets	-	(14,003)
Loss on sale of fixed assets	123,712	-
Bad debt written off	368,856	-
Provision for doubtful debts and advances	-	424,289
Operating profit before working capital changes	40,372,235	52,446,600
Decrease/(increase) in sundry debtors	175,474,372	(118,686,337)
Decrease/(increase) in loans and advances	(14,969,253)	(11,118,534)
Increase/(decrease) in current liabilities and provisions	(86,096,972)	117,459,940
Cash generated from operations	114,780,382	40,101,669
Income tax and fringe benefit tax paid	(8,892,237)	(9,476,595)
Net cash generated from operating activities	105,888,145	30,625,074
Cash flow from investing activities		
Purchase of fixed assets	(8,795,549)	(15,209,313)
Proceeds on sale of fixed assets	25,265	47,927
Investment in subsidiaries	(99,573,163)	(64,510,985)
Interest received on fixed deposit	657,728	4,039,557
Dividend received from investments	-	5,594,316
Net cash used in investing activities	(107,685,719)	(70,038,498)
Cash flow from financing activities		
Proceeds from issue of equity shares	-	4,181,536
Interest paid on loans	(2,702,060)	(7,492,957)
Utilisation of cash credit facilities, net	(76,716,029)	35,280,797
Dividends paid (including distribution tax)	(93,756)	(13,852,860)
Net cash generated from financing activities	(79,511,845)	18,116,516
Net increase/(decrease) in cash and cash equivalents	(81,309,419)	(21,296,908)
Cash and cash equivalents at the beginning of the year	93,568,481	114,865,389
Cash and cash equivalents at the end of the year	12,259,062	93,568,481

Cash and cash equivalents at the end of the period include deposits with banks aggregating to Rs 5,000,000 (previous year Rs 5,000,000) pledged against secured loans and margin money, which are not freely available for use by the Company.

As per our report attached
for B S R & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 17, 2010

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 17, 2010

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 1 SHARE CAPITAL		
Authorised capital		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
Issued, subscribed and paid-up capital		
24,764,593 (previous year 24,764,593) equity shares of Rs 10 each fully paid-up	247,645,930	247,645,930
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid-up held by the Mindteck Employees Welfare Trust [Refer Schedule 16 (6b)]	(4,160,000)	(4,160,000)
Of the above,		
1. 251,680 (previous year 251,680) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Nicco Infotech Limited pursuant to an amalgamation.		
2. 2,850,000 (previous year 2,850,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Infotech Holdings Inc. pursuant to an acquisition.		
3. 10,969,944 (previous year 10,969,944) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile ICI Tech Holdings Inc., Mindteck Singapore Pte Ltd., Mindteck UK Limited and Chendle Holdings Limited pursuant to the acquisitions.		
4 a. 16,169,857 (previous year 16,169,857) equity shares of Rs 10 each fully paid-up are held by Embtech Holding Limited, Mauritius, the holding company.		
b. 261,747 (previous year 261,747) equity shares of Rs 10 each fully paid-up are held by Infotech Ventures Limited.		
The ultimate holding company is Transcompany Limited, British Virgin Islands.		
	243,485,930	243,485,930

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 2 RESERVES AND SURPLUS		
Capital reserve	35,689,935	35,689,935
Securities premium		
At the commencement of the year	1,018,030,502	803,664,778
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 16 (6b)]	(36,240,000)	(36,240,000)
	981,790,502	767,424,778
Additions during the year		
- On preferential issue of equity shares [Refer Schedule 16 (3)]	-	214,365,724
	981,790,502	981,790,502
Balance in the profit and loss account	92,985,526	74,720,890
	1,110,465,963	1,092,201,327
SCHEDULE - 3 SECURED LOANS		
From scheduled bank		
- Cash credit facility	7,079,036	94,072,153
- Packing credit in foreign currency (PCFC)	10,277,088	-
[Secured by equitable mortgage of property at Kolkata, charge on the fixed assets of the Company, fixed deposits aggregating to Rs 5,000,000 (previous year Rs 5,000,000) with lien marked in favour of the bank].		
	17,356,124	94,072,153

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE-4 – FIXED ASSETS

Assets	Gross Block				Accumulated Depreciation			Net block	
	As at April 1, 2009	Additions during the year	Deletions during the year	As at March 31, 2010	As at April 1, 2009	Charge for the year	Deletions during the year	As at March 31, 2010	As at March 31, 2009
Intangible Assets, Owned:									
Goodwill	7,000,000	-	-	7,000,000	5,600,000	1,400,000	-	7,000,000	-
(arising on business acquisition)									1,400,000
Computer software	25,502,102	92,263	-	25,594,365	16,443,120	3,354,284	-	19,797,404	5,796,961
Tangible assets, Owned									
Computer equipment	44,018,227	816,147	287,029	44,547,345	31,049,777	3,976,349	138,052	34,888,074	9,659,271
Office equipment	13,329,038	1,433,683	-	14,762,721	7,938,672	2,015,449	-	9,954,121	4,808,600
Furniture and fixtures	4,361,392	154,550	-	4,515,942	3,897,406	167,260	-	4,064,666	451,276
Vehicles	157,500	-	-	157,500	14,499	31,500	-	45,999	111,501
Buildings	10,156,520	-	-	10,156,520	1,665,743	165,551	-	1,831,294	8,325,226
Leasehold improvements	8,740,375	18,650	-	8,759,025	2,020,100	2,861,936	-	4,882,036	3,876,989
Total	113,265,154	2,515,293	287,029	115,493,418	68,629,317	13,972,329	138,052	82,463,594	44,635,837
Previous year	92,553,633	20,782,306	70,785	113,265,154	55,677,878	12,988,320	36,881	68,629,317	44,635,837

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 5 INVESTMENTS		
Long term, unquoted (at cost)		
In shares of wholly owned subsidiaries (non-trade)		
500 (previous year 500) common stock of BD 100 par value of Mindteck Middle East SPC, Bahrain	1,830,360	1,830,360
50,000 (previous year 50,000) equity shares of Rs 10 each of Mindteck BPO India Private Limited [Refer Schedule 16 (4)]	-	500,000
250,000 (previous year 250,000) common stock of MR 1 par value of Mindteck Software Malaysia SDN. BHD	3,016,212	3,016,212
1,310,500 (previous year 1,310,500) shares of SGD 1 par value of Mindteck Singapore Pte Ltd.	84,664,219	84,664,219
968,408 (previous year 968,408) ordinary shares of GBP 1 par value of Mindteck UK Limited.	14,804,544	14,804,544
2 (previous year 2) shares of USD 1 par value of Chendle Holdings Limited.	195,419,991	195,419,991
13,000 (previous year 12,200) common stock of USD 1 par value of Mindteck Inc, USA (formerly Infotech Consulting Inc., USA)	931,555,704	831,982,541
	1,231,291,030	1,132,217,867
SCHEDULE - 6 SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	12,943,108	9,457,248
Considered doubtful	224,721	359,552
	13,167,829	9,816,800
Others debts		
Considered good	70,787,890	250,116,979
	83,955,719	259,933,779
Less : Provision for doubtful debts	(224,721)	(359,552)
	83,730,998	259,574,227

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on hand	23,736	50,337
Balances with scheduled banks:		
- In current accounts	3,169,505	32,364,699
- In deposit accounts	4,065,821	56,153,445
- In margin money account	5,000,000	5,000,000
	12,259,062	93,568,481
 SCHEDULE - 8		
LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Due from related parties [Refer Schedule 16 (15)]	6,131,321	15,608,151
- Advances to employees	2,235,511	2,845,260
- Prepaid expenses	4,945,563	3,925,920
- Service tax input credit	23,135,727	6,767,462
- Other advances	7,993,357	2,328,288
Advance income tax and tax deducted at source	17,267,881	13,768,534
[net of provision for tax Rs 13,655,180 (previous year: 8,556,810)]		
Deposits with government bodies	341,705	361,334
Other deposits	61,650,031	61,601,616
Unbilled revenue	11,845,572	9,871,502
	135,546,668	117,078,067

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry creditors		
- outstanding to micro enterprises and small enterprises [Refer Schedule 16 (18)]	-	-
- outstanding to creditors other than micro enterprises and small enterprises*	20,547,565	39,353,807
Due to subsidiaries	45,532,884	111,701,072
Deposits	23,218,128	23,218,128
Unclaimed dividends	412,961	506,717
Unearned Income	745,440	5,802,678
Others liabilities	6,109,330	6,523,350
	96,566,308	187,105,752
* includes employee related liabilities Rs 17,159,347 (previous year: Rs 7,537,567)		
SCHEDULE - 10		
PROVISIONS		
Provision for compensated absences	5,532,045	5,704,030
Provision for gratuity [Refer Schedule 16 (19)]	1,818,995	3,578,550
Provision for income taxes [net of advance tax Rs 498,991 (previous year: 498,991)]	772,291	772,291
Provision for fringe benefit tax	-	294,520
	8,123,331	10,349,391

SCHEDULES ANNEXED AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
SCHEDULE - 11		
INCOME FROM SOFTWARE AND IT-ENABLED SERVICES		
Income from software services		
- Domestic [tax deducted at source Rs 75,291 (previous year Rs 223,690)]	523,586	1,941,000
- Exports	426,766,212	505,627,551
Income from IT-enabled services	32,243,227	36,767,930
	459,533,025	544,336,481
SCHEDULE - 12		
OTHER INCOME		
Interest from banks [tax deducted at source Rs 78,927 (previous year Rs 873,988)]	657,728	4,039,557
Liability no longer required, written back	525,680	-
Provision for doubtful debt, written back	134,831	-
Rental income [tax deducted at source Rs 5,345,156 (previous year Rs 6,876,899)]	34,313,218	32,785,726
Profit on sale of fixed assets, net	-	14,003
Dividend income	-	5,594,316
Foreign exchange gain, net	-	37,909,838
Miscellaneous income	427,700	581,901
	36,059,157	80,925,341
SCHEDULE - 13		
MANPOWER COSTS		
Salaries and allowances	242,562,539	277,202,511
Contribution to provident and other funds	10,610,977	13,341,350
Staff welfare expenses	5,016,559	5,289,190
Consultancy charges	3,154,663	9,339,095
	261,344,738	305,172,146

SCHEDULES ANNEXED AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
SCHEDULE - 14		
SELLING, OPERATING AND ADMINISTRATION EXPENSES		
Rent	77,304,783	72,112,966
Hiring charges	8,393,775	7,114,054
Marketing and sales support costs	35,264,366	101,322,402
Travelling	22,189,018	27,293,333
Foreign exchange loss, net	5,634,412	-
Electricity	11,756,076	10,960,744
Communication	7,248,384	9,074,087
Professional charges	4,874,326	7,968,643
Repairs and maintenance-building	487,161	506,129
Repairs and maintenance-others	4,346,825	4,825,866
Rates and taxes	2,003,074	2,184,926
Insurance premium	1,684,068	327,932
Remuneration to auditors	2,176,013	2,046,368
Membership and subscription	1,076,491	1,398,223
Printing and stationery	1,032,666	1,244,278
Recruitment expenses	215,757	781,786
Loss on sale of fixed assets, net	123,712	-
Provision for doubtful debts	-	359,552
Bad debts written-off	368,856	-
Investment written off [(Refer Schedule 16 (4))]	500,000	-
Miscellaneous expenses	6,748,400	7,564,572
	193,428,163	257,085,861
SCHEDULE - 15		
FINANCE CHARGES		
Interest on working capital loans	2,702,060	7,492,957
Bank charges	781,886	1,333,628
	3,483,946	8,826,585

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1 BACKGROUND

Mindteck (India) Limited ('Mindteck' or 'the Company') was incorporated to render engineering and IT services to customers across various countries. Mindteck's core offerings are in product engineering in the embedded space, enterprise business and professional consulting services.

In the product engineering space, Mindteck renders electronics design, firmware and software in key vertical areas of analytical instruments, semiconductor fab equipments, medical instruments and in high-end storage products segment. The enterprise business services line provides services in the areas of implementation, roll outs, application integration and support, upgrades and data archival. These services are focused in the discrete manufacturing, construction, oil & gas and consumer products sectors. Mindteck offers a broad range of professional consulting services for custom application development, application management, re-engineering, validation and verification across the spectrum.

Through IT-enabled services, the Company provides employee, marketing and sales support to other organizations.

Mindteck is head quartered in Bangalore with an office in Gurgaon and has 100% Export Oriented Units ('EOU') at Kolkata and in Bangalore set up under the Software Technology Park (STP) Scheme of the Government of India. Mindteck has subsidiaries in United States of America, United Kingdom, Singapore, Malaysia, India and Bahrain.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ('GAAP') in India under the historical cost convention on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India ('SEBI') and other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. The financial statements are prepared and presented in Indian rupees unless otherwise stated.

2.2 Use of estimates

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

2.3 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation and impairment. 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. Acquired intangible assets are recorded at the cost of acquisition.

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

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

Asset classification	Useful life
Computer equipment	6 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Buildings	58 years

Leasehold improvements are amortised over the lease term or the estimated useful life of assets, whichever is shorter.

Significant purchased application software that is an integral part of the Company's computer systems, expected to provide lasting benefits, is capitalised and amortised on the straight-line method over its estimated useful life or six years whichever is shorter.

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

Pro-rata depreciation is provided on all fixed assets purchased and sold during the year.

2.4 Investments

Long-term investments are carried at cost less provision for any diminution, other than temporary, in the value of such investments determined on a specific identification basis. Current investments are valued at the lower of cost (determined on specific identification basis) and fair market value. The comparison of cost and fair market value is carried out separately in respect of each investment.

The cost of investment includes acquisition charges such as brokerage, fees and duties.

The acquisition cost of investment acquired, or partly acquired, by the issue of shares or other securities, is the fair value of the securities issued which, in appropriate cases, may be indicated by the issue price as determined by the statutory authorities.

Profit or loss on sale of investments is determined separately for each investment.

2.5 Retirement benefits

Gratuity, a defined benefit, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India ('LIC'). Provision for gratuity liabilities, pending remittance to the fund, is carried in the balance sheet. Actuarial gains and losses are charged to profit and loss account.

Compensated absences, a defined benefit, is accrued based on an actuarial valuation 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.

Contributions paid/payable to the recognized provident fund, a defined contribution, are charged to the profit and loss account.

2.6 Revenue recognition

The Company derives its revenues from software and IT-enabled services provided primarily to related parties. Revenue from software services provided on time-and-material basis is recognized upon performance of services and at the agreed contractual rates. Revenue from fixed price contracts is recognized using the percentage completion method determined by relating the actual cost incurred to date to the estimated total cost of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on the current contract estimates.

Revenue from IT-enabled services is recognized as the related services are performed, in accordance with the specific terms of the contract with the customers.

Unbilled revenue represents earnings in excess of billings while unearned income represents billings in excess of earnings.

Revenues are stated net of discounts, if any, and any applicable duties or taxes.

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

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

2.7 Foreign exchange transactions

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.

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.

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.

Forward exchange contracts and other similar instruments that are not hedges of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts covered by AS-11, based on the nature and purpose of the contract, the contracts are either 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.

For forward exchange contracts that are not covered by AS-11 and that relate to a firm commitment or highly probable forecast transactions, the Company has adopted the principles of AS-30, 'Financial Instruments: Recognition and Measurement' which is recommendatory with effect from April 1, 2009. In accordance with the principles of AS-30, such derivative financial instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant exchange loss/(gain) has been debited/credited to profit and loss account for the year.

2.8 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. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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 recognized 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.

2.9 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

Deferred tax charge or credit is recognized 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 differences which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originates. 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 recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Minimum Alternate Tax ('MAT') paid in accordance with the laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized 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 resultant assets can be measured reliably.

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.

2.10 Fringe Benefit Tax ('FBT')

The Finance Act, 2009 has withdrawn FBT effective April 1, 2009 and accordingly there is no charge of FBT in the current year's financial statements.

2.11 Earnings per share

In determining the earnings per share, the net profit after tax is divided by the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earnings per share, potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

The weighted average number of equity shares held by the Mindteck Employees Welfare Trust is reduced from the equity shares outstanding in computing basic and diluted earnings per share.

2.12 Goodwill

Goodwill has been recorded to the extent the cost of acquisition of the business, comprising purchase consideration and transaction costs, exceeds the value of net assets acquired. Goodwill is amortized over its useful life of five years, assessed at each year end. (also refer 2.13 below)

2.13 Impairment of assets

The Company assesses, at each balance sheet date, whether there is any indication that an asset (including goodwill) may be impaired. If any such indications exist, 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 a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

2.14 Employee Stock Options

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

2.15 Cash flow statement

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

3 ACQUISITIONS

During the previous year, on April 1, 2008, the Company acquired 100% equity in its fellow subsidiary Chendle Holdings Limited, BVI ('Chendle Holdings') including its wholly owned subsidiary Primetech Solutions Inc., USA.

At an agreed valuation of USD 6,600,000 (approximately Rs 264,664,741), the purchase consideration was agreed to be settled by a fresh issue of the equity shares of the Company [2,640,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Chendle Holdings. Of the total purchase consideration payable, 270,056 equity shares are yet to be allotted as at the balance sheet date and have been reserved for allotment to certain shareholders of Chendle Holdings, subject to the furnishing of Permanent Account Number ('PAN') by these shareholders. The submission of PAN is a pre-requisite to complete the allotment of shares.

During the year, SEBI vide its Circular dated April 24, 2009 amended the Equity Listing Agreement and prescribed a uniform procedure for dealing with unclaimed shares. As per the Circular, unclaimed shares are to be credited to a dematerialized suspense account with a restriction on the voting rights until the rightful owner claims the shares. The Company had sought clarification from the Bombay Stock

Exchange ('BSE') whether the said circular would apply in its present case and is awaiting the BSE's clarification on the matter.

The issue of equity shares to discharge the purchase consideration has been recorded at a price of Rs 73.54 per equity share, being the fair value of the equity shares issued, in accordance with the requirements of paragraph 10 of AS-13, 'Accounting for Investments'. Additionally, transaction costs, where applicable, have been included in the cost of investment.

4 In the previous year, Company's wholly owned, non-operational subsidiary, Mindteck BPO Services Private Limited ('Mindteck BPO') commenced proceedings to wind up its operations under Section 560 of the Companies Act, 1956. On April 2, 2010, Mindteck BPO filed an application with the Registrar of Companies for striking its name off the register. The Company does not expect to realize any amounts from the winding-up of Mindteck BPO and has consequently written-off the entire value of the investment as at March 31, 2010.

5 STATEMENT OF UTILIZATION OF THE PREFERENTIAL ISSUE PROCEEDS AS AT MARCH 31, 2010

Particulars	Amount (Rs)
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amount raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of proceeds in previous years	
- Cash consideration for acquisition of subsidiaries	99,304,500
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Working capital requirements of the Company	19,697,186
Deployment of proceeds in current year	
- Additional investment in wholly owned subsidiary Mindteck Inc.	
(to the extent of funds remaining unutilized from the preferential issue proceeds)	55,180,316
	298,027,479

6 EMPLOYEE STOCK OPTIONS

a) Employee Share Incentive Scheme 2000

The Company has an Employee Share Incentive Scheme 2000 ('ESIS 2000') for the benefit of its employees administered through the Mindteck Employees Welfare Trust ('The Trust'). The Trust, which was constituted for this purpose, subscribed to 416,000 equity shares renounced in its favour by the Company's promoters/directors in the Company's earlier Rights Issue. These shares are to be distributed amongst the Company's employees, based on the recommendations made by the Company's Appraisal Committee. No equity shares have been distributed under the ESIS 2000 and therefore, no stock compensation expense has been recorded.

b) Consolidation of the Mindteck Employees Welfare Trust

In March 2008, the Company had sought a legal opinion regarding consolidation of the financial statements of the Trust in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated June 30, 2003 ('the Guidelines'). The Company was advised that the financial statements of the Trust should be consolidated with the standalone financial statements of the Company. Accordingly, the

Company has consolidated the financial statements of the Trust with its own standalone financial statements to comply with the requirements of the Guidelines.

The investment in the equity shares of the Company held by the Trust has been reduced from the share capital and securities premium account. Further, the opening retained earnings of the Trust has been included in the Company's opening retained earnings. Balances, after inter-company eliminations, have been appropriately consolidated in the Company's financial statements on a line by line basis.

c) Mindteck Employee Stock Option Scheme 2005

During the year ended March 31, 2006, the Company introduced the 'Mindteck Employees Option Scheme 2005' ('the Option Scheme 2005') for the benefit of the employees, as approved by the Board of Directors in its meeting held on July 4, 2005 and the shareholders meeting held on July 29, 2005. The Option Scheme 2005 provides for the creation and issue of 500,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Compensation Committee of the Board of Directors. The

options vest annually in a graded manner over a three year period and are exercisable during a maximum period of 5 years from the date of vesting.

During the year ended March 31, 2010, the Company has granted 45,000 options on May 15, 2009 at an exercise

price of Rs.16.55 per share, 15,000 options on October 29, 2009 at an exercise price of Rs.27.35 per share and 25,200 options on January 29, 2010 at an exercise price of Rs.31.50 per share.

Option activity during the year and weighted average exercise price of stock options under the Option Scheme 2005 is given as below:

Particular	Year ended March 31, 2010		Year ended March 31, 2009	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	388,301	49.35	460,001	50.92
Granted during the year	85,200	22.87	30,000	31.00
Exercised during the year	-	-	-	-
Forfeited during the year	162,934	47.17	101,700	51.01
Lapsed during the year	-	-	-	-
Options outstanding at the end of the year	310,567	43.23	388,301	49.35
Options exercisable at the end of the year	192,267	49.68	214,268	52.80

The weighted average remaining contractual life of the options outstanding as at March 31, 2010 is 4.49 years (previous year 4.92 years).

The Company uses the intrinsic value method to account for the stock compensation cost. The exercise price has been determined as the closing price of the Company's shares traded on the Bombay Stock Exchange on the day prior to the date of grant of options and thus there is no stock compensation expense under the intrinsic value method for the options granted during the year.

The Guidance Note on 'Accounting for Employee Share-Based Payments' issued by the ICAI requires the disclosure of pro-forma net results and EPS, both basic and diluted, had the Company adopted the fair value approach described in the guidance note. Had the Company accounted for compensation cost under the fair value method, the reported profit after taxation for the year ended March 31, 2010 would have been Rs 18,015,960 (previous year Rs 34,522,250) i.e. lower by Rs 248,676 (previous year lower by Rs 1,106,417) and the basic and diluted EPS for the year would have been Rs 0.74 and Rs 0.73 (previous year Rs 1.44 and Rs 1.40) respectively.

The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend yield of 5-10 % on the underlying equity shares, volatility in the share price of 55-100% and a risk free rate of 7-9.5%. The Company's calculations are based on a single option valuation approach. The expected volatility is based on historical volatility of the

share price during the period after eliminating abnormal price fluctuations.

d) Mindteck Employee Stock Option Scheme 2008

During the year ended March 31, 2009, the Company introduced 'Mindteck Employees Stock Option Scheme 2008' ('the Option Scheme 2008') for the benefit of the employees, as approved by the Board of Directors in its meeting held on May 27, 2008 and the shareholders meeting held on July 30, 2008. The Option Scheme 2008 provides for the creation and issue of 1,200,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Compensation Committee of the Board of Directors. The options will vest after the expiry of a period of twelve months from the date on which the options are granted. The vesting term and the period over which the options are exercisable is to be decided by the Compensation Committee.

No options have been granted under the Option Scheme 2008.

7 PROVISION FOR TAXATION

- Provision for income tax for the year relates to income tax on taxable income under the provisions of Section 115JB of the Income Tax Act, 1961 relating to Minimum Alternate Tax ('MAT').

b) Deferred taxes

Amount in Rs

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	2,866,382	5,467,315
Deferred tax asset		
Carry forward losses restricted to the extent of deferred tax liability *	(2,866,382)	(5,467,315)
Net deferred tax (asset) / liability	-	-

* In view of unabsorbed depreciation and carry forward business losses under tax laws, the Company is unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset is recognized (except for to the extent of deferred tax liability) for the year ended March 31, 2010 as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

8 CONTINGENT LIABILITIES AND COMMITMENTS

- Guarantees given by the Company's bankers as at March 31, 2010 is Rs Nil (previous year: Rs Nil).
- Corporate Guarantee of Rs 180,560,000 i.e. USD 4 million (previous year: Rs 203,020,000 i.e. USD 4 million) in favour of a banking institution in the United States of America with respect to the extension of credit facilities by the banking institution to Mindteck Inc., a wholly owned subsidiary of the Company.
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2010 is Rs 75,240 (previous year: Rs Nil).
- Claims against the Company not acknowledged as debt as at March 31, 2010 is Nil (previous year: Nil).
- The Company has received a draft assessment order for the assessment year 2006-07 wherein an additional amount of tax of Rs 15,590,456 (including interest of Rs 4,838,414) has been assessed as payable. The additional tax is primarily towards the price adjustments carried out by the Transfer Pricing Officer amounting to Rs 25,070,787 under Section 92CA of the Income-Tax Act, 1961. The Company has filed an appeal before the Dispute Resolution Panel (DRP) against the said order and management believes that the Company has a good case to defend and no liability is expected in this regard.

9 CIF VALUE OF IMPORTS

Amount in Rs

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Capital goods*	44,994,487	53,864,388
Total	44,994,487	53,864,388

* Amounts disclosed are gross of capital goods received free of cost or on a loan basis.

10 EXPENDITURE IN FOREIGN CURRENCY

Amount in Rs

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Foreign travel	15,270,044	17,147,369
Marketing and sales support costs	35,264,329	102,101,476
Project expenses	2,874,141	1,136,100
Membership and subscription	549,217	413,628
Total	53,957,731	120,798,573

11 EARNINGS IN FOREIGN CURRENCY

Amount in Rs

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Export of software services	426,766,212	505,627,551
IT-enabled services	32,243,227	36,767,930
Dividend Income	-	5,594,316
Total	459,009,439	547,989,797

12 MANAGERIAL REMUNERATION

During the previous year, Mr Pankaj Agarwal was appointed as the Company's Managing Director with effect from April 1, 2008. No remuneration is payable to the Managing Director by the Company in the current as well as previous year. Further, no remuneration has been paid to non-executive directors during the current as well as previous year.

13 SEGMENT REPORTING

The Company's operations predominantly relate to providing software and IT-enabled services which constitute the Company's two primary business segments. 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 is categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The 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.

Segment assets excluding sundry debtors, segment liabilities and fixed assets used in the Company's business have not been identified to any reportable segment, as these are used interchangeably between segments and hence Management believes that it is currently not practical to provide segment disclosures relating to total carrying amount of segment assets, liabilities and fixed assets, since a meaningful segregation is not possible.

Business segments

				Amount in Rs
Profit and Loss account for the year ended March 31, 2010	Software services	IT-enabled services	Total	
Segment revenue	427,289,798	32,243,227	459,533,025	
Operating expenses, net	260,628,954	18,818,866	279,447,820	
Segment results	166,660,844	13,424,361	180,085,205	
Unallocable expenses			189,297,410	
Finance charges			3,483,946	
Other income			36,059,157	
Profit before taxation			23,363,006	
Taxation including foreign taxes			5,098,370	
Profit after taxation			18,264,636	

				Amount in Rs
Profit and Loss account for the year ended March 31, 2009	Software services	IT-enabled services	Total	
Segment revenue	507,568,551	36,767,930	544,336,481	
Operating expenses, net	329,327,732	22,451,840	351,779,572	
Segment results	178,240,819	14,316,090	192,556,909	
Unallocable expenses			223,466,755	
Finance charges			8,826,585	
Other income			80,925,341	
Profit before taxation			41,188,910	
Taxation			5,560,243	
Profit after taxation			35,628,667	

Segment assets

Segment assets for the year ended March 31, 2010

				Amount in Rs
	Software services	IT-enabled services	Total	
Sundry debtors	76,782,723	6,948,275	83,730,998	
Unallocable			1,412,126,584	
Total			1,495,857,582	

Segment assets for the year ended March 31, 2009

				Amount in Rs
	Software services	IT-enabled services	Total	
Sundry debtors	259,574,227	-	259,574,227	
Unallocable			1,387,500,252	
Total			1,647,074,479	

Geographical segments

Amount in Rs

Revenue	Year ended March 31, 2010	Year ended March 31, 2009
- USA	381,788,619	419,203,951
- Europe	70,183,793	120,430,488
- India	523,586	1,941,000
- Rest of the world	7,037,027	2,761,042
Total	459,533,025	544,336,481

companies), subsidiaries and the Mindteck Employees Welfare Trust.

(i) Holding companies

- Transcompany Ltd., British Virgin Islands (BVI) – Ultimate holding company
- Vanguard Investments Ltd., BVI – Intermediary holding company
- Mindteck Holdings Ltd., BVI - Intermediary holding company
- Business Holdings Ltd., BVI - Intermediary holding company
- Garrington Investments Ltd., BVI - Intermediary holding company
- Embtech Holdings Ltd., Mauritius - Holding company

(ii) Subsidiaries (including step subsidiaries)

- Mindteck Inc., USA [formerly Infotech Consulting Inc.]
- Mindteck BPO Services Private Limited, India
- Mindteck Software Malaysia SDN. BHD, Malaysia
- Mindteck Middle East Ltd SPC, Kingdom of Bahrain
- Mindteck UK Limited, United Kingdom
- Mindteck Singapore Pte. Limited, Singapore
- Mindteck Netherlands BV, Netherlands
- Mindteck Germany GmbH, Germany
- Chendle Holdings Ltd, BVI
- Primetech Solutions Inc, USA [upto September 30, 2008]

(iii) Mindteck Employee Welfare Trust ('MEWT')

b) Key Managerial Personnel

- Pankaj Agarwal – Managing Director
- Guhan Subramaniam – Non-executive director
- Vivek Malhotra – Non-executive director
- Indresh Narain – Non-executive director
- Javed Gaya – Non-executive director

14 LEASES

Operating Leases

The Company leases office and residential facilities and certain equipment under operating lease arrangements.

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2010 amounted to Rs 57,115,353 (previous year Rs 70,963,806).

Future minimum lease payments under non-cancellable operating lease are set out below:

Amount in Rs

Lease obligations	As at March 31, 2010	As at March 31, 2009
Payable not later than one year	25,463,849	58,187,374
Payable later than one year and not later than five years	17,789,581	25,196,101
Payable later than five years	-	-

Additionally, the Company leases office facilities, residential facilities and equipment under cancellable operating leases. The rental expense under cancellable operating leases during the year ended March 31, 2010 amounted to Rs 28,583,205 (previous year Rs 8,263,214).

Rental income from sub-leasing of office facilities during the year ended March 31, 2010 was Rs 34,313,218 (previous year Rs 32,785,726).

15 RELATED PARTY TRANSACTIONS

a) Related parties where control exists

The related parties where control exists are the holding companies (including ultimate and intermediary holding

(c) Transaction with related parties for the year ended March 31, 2010:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Income from software and IT-enabled services:						
	a) Mindteck Inc., USA	-	359,436,971	-	-	-	359,436,971
	b) Mindteck Software Malaysia SDN BHD	-	534,234	-	-	-	534,234
	c) Mindteck UK Limited	-	69,095,918	-	-	-	69,095,918
	d) Mindteck Singapore Pte. Limited	-	4,055,200	-	-	-	4,055,200
	e) Mindteck Middle East Ltd SPC	-	2,447,593	-	-	-	2,447,593
	f) Mindteck Germany GmbH	-	1,087,875	-	-	-	1,087,875
(ii)	Reimbursement of expenses incurred on behalf of:						
	a) Mindteck Inc., USA	-	4,741,129	-	-	-	4,741,129
	b) Mindteck Middle East Ltd SPC	-	292,971	-	-	-	292,971
	c) Mindteck Software Malaysia SDN BHD	-	83,975	-	-	-	83,975
	d) Mindteck UK Limited	-	1,630,817	-	-	-	1,630,817
	e) Mindteck Singapore Pte. Limited	-	83,975	-	-	-	83,975
	f) Mindteck Netherlands BV	-	245,573	-	-	-	245,573
	g) Mindteck Germany GmbH	-	175,842	-	-	-	175,842
(iii)	Remuneration to key managerial personnel:	-	-	-	-	Nil	Nil
(iv)	Director's sitting fees :	-	-	-	-	640,000	640,000
(v)	Marketing and sales support costs:						
	a) Mindteck Inc., USA	-	23,859,750	-	-	-	23,859,750
	b) Mindteck UK Limited	-	8,354,399	-	-	-	8,354,399
	c) Mindteck Singapore Pte. Limited	-	376,668	-	-	-	376,668
	d) Mindteck Germany GmbH	-	2,673,550	-	-	-	2,673,550
(vi)	Reimbursement of expenses incurred by						
	a) Mindteck Inc., USA	-	3,717,143	-	-	-	3,717,143
	b) Mindteck Software Malaysia SDN BHD	-	77,211	-	-	-	77,211
	c) Mindteck Singapore Pte. Limited	-	517,126	-	-	-	517,126
	d) Mindteck UK Limited	-	146,558	-	-	-	146,558
(vii)	Additional investment in wholly owned subsidiary						
	a) Mindteck Inc., USA	-	99,573,163	-	-	-	99,573,163
(viii)	Provision for other than temporary diminution in the value of investment						
	a) Mindteck BPO Services Private Limited	-	500,000	-	-	-	500,000
(ix)	Service Income included in Miscellaneous income						
	a) Mindteck BPO Services Private Limited	-	427,700	-	-	-	427,700

(d) Transaction with related parties for the year ended March 31, 2009:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Income from software and IT-enabled services:						
	a) Mindteck USA Inc.	-	148,402,064	-	-	-	148,402,064
	b) Mindteck Inc., USA	-	245,776,449	-	-	-	245,776,449
	c) Mindteck Software Malaysia SDN BHD	-	87,420	-	-	-	87,420
	d) Mindteck UK Limited	-	119,895,135	-	-	-	119,895,135
	e) Mindteck Singapore Pte. Limited	-	3,738,422	-	-	-	3,738,422
	f) Mindteck Netherlands BV	-	2,975,078	-	-	-	2,975,078
	g) Mindteck Germany GmbH	-	3,128,707	-	-	-	3,128,707
(ii)	Dividend income:						
	a) Mindteck Inc., USA	-	5,594,316	-	-	-	5,594,316
(iii)	Reimbursement of expenses incurred on behalf of:						
	a) Mindteck USA Inc.	-	17,598,920	-	-	-	17,598,920
	b) Mindteck Middle East Ltd SPC	-	734,608	-	-	-	734,608
	c) Mindteck Software Malaysia SDN BHD	-	226,027	-	-	-	226,027
	d) Mindteck UK Limited	-	3,683,650	-	-	-	3,683,650
	e) Mindteck Singapore Pte. Limited	-	828,165	-	-	-	828,165
	f) Mindteck Netherlands BV	-	1,197,242	-	-	-	1,197,242
	g) Mindteck Germany GmbH	-	587,843	-	-	-	587,843
(iv)	Repayment of expenses:						
	Mindteck Holding Limited	860,378	-	-	-	-	860,378
(v)	Remuneration to key managerial personnel:	-	-	-	-	Nil	Nil
(vi)	Director's sitting fees :	-	-	-	-	750,000	750,000
(vii)	Marketing and sales support costs:						
	a) Mindteck Inc., USA	-	51,260,636	-	-	-	51,260,636
	b) Mindteck UK Limited	-	38,267,171	-	-	-	38,267,171
	c) Mindteck Netherlands BV	-	2,672,720	-	-	-	2,672,720
	d) Mindteck Germany GmbH	-	9,148,653	-	-	-	9,148,653
(viii)	Reimbursement of expenses incurred by						
	Mindteck Inc., USA	-	9,801,921	-	-	-	9,801,921
(ix)	Preferential allotment of equity shares:						
	a) Embtech Holdings Ltd.	161,243,804	-	-	-	-	161,243,804
(x)	Consideration for acquisition of Mindteck Singapore Pte Ltd						
	a) Embtech Holdings Ltd	40,057,500	-	-	-	-	40,057,500
(xi)	Additional investment in wholly owned subsidiary						
	a) Mindteck Inc., USA	-	24,453,612	-	-	-	24,453,612
(xii)	Corporate guarantees executed in favour of a financial institution on behalf of Mindteck Inc., USA	203,020,000	-	-	-	-	203,020,000

(e) The balances receivable from and payable to related parties as at March 31, 2010 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Balance (due to)/ due from						
	A) Amounts receivable :						
	a) Mindteck Inc., USA	-	29,363,183	-	-	-	29,363,183
	b) Mindteck Software Malaysia SDN BHD	-	451,665	-	-	-	451,665
	c) Mindteck Middle East Ltd SPC	-	2,515,820	-	-	-	2,515,820
	d) Mindteck UK Limited	-	44,851,036	-	-	-	44,851,036
	e) Mindteck Singapore Pte. Limited	-	458,463	-	-	-	458,463
	f) Mindteck Germany GmbH	-	2,916,575	-	-	-	2,916,575
	B) Advances :						
	a) Mindteck Inc., USA	-	314,198	-	-	-	314,198
	b) Mindteck Software Malaysia SDN BHD	-	336,823	-	-	-	336,823
	c) Mindteck Middle East Ltd SPC	-	1,495,434	-	-	-	1,495,434
	d) Mindteck UK Ltd	-	2,527,292	-	-	-	2,527,292
	e) Mindteck Singapore Pte. Limited	-	622,885	-	-	-	622,885
	f) Mindteck Netherlands BV	-	69,661	-	-	-	69,661
	g) Mindteck Germany GmbH	-	765,028	-	-	-	765,028
	C) Amounts payable :						
	a) Mindteck Inc., USA	-	29,134,730	-	-	-	29,134,730
	b) Mindteck UK Ltd	-	5,165,857	-	-	-	5,165,857
	c) Mindteck Germany GmbH	-	10,033,570	-	-	-	10,033,570
	d) Mindteck Software Malaysia SDN BHD	-	73,217	-	-	-	73,217
	e) Mindteck Singapore Pte. Limited	-	1,125,510	-	-	-	1,125,510

(f) The balances receivable and payable to related parties as at March 31, 2009 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Holding Companies	Subsidiaries (including step subsidiaries)	Fellow subsidiaries	MEWT	Key management personnel	Total
(i)	Balance (due to)/ due from						
	A) Amounts receivable :						
	a) Mindteck Inc., USA	-	184,971,339	-	-	-	184,971,339
	b) Mindteck UK Limited	-	64,286,307	-	-	-	64,286,307
	c) Mindteck Singapore Pte. Limited	-	1,938,819	-	-	-	1,938,819
	d) Mindteck Netherlands BV	-	982,553	-	-	-	982,553
	e) Mindteck Germany GmbH	-	3,613,414	-	-	-	3,613,414
	B) Advances :						
	a) Mindteck Inc., USA	-	8,383,588	-	-	-	8,383,588
	b) Mindteck Software Malaysia SDN BHD	-	348,964	-	-	-	348,964
	c) Mindteck Middle East Ltd SPC	-	1,702,084	-	-	-	1,702,084
	d) Mindteck UK Ltd	-	1,813,147	-	-	-	1,813,147
	e) Mindteck Singapore Pte. Limited	-	809,630	-	-	-	809,630
	f) Mindteck Netherlands BV	-	1,252,153	-	-	-	1,252,153
	g) Mindteck Germany GmbH	-	1,274,117	-	-	-	1,274,117
	h) Mindteck BPO Services Pvt. Ltd	-	24,468	-	-	-	24,468
	C) Amounts payable :						
	a) Mindteck Inc., USA	-	61,487,644	-	-	-	61,487,644
	b) Mindteck UK Limited	-	38,239,267	-	-	-	38,239,267
	c) Mindteck Germany GmbH	-	9,141,510	-	-	-	9,141,510
	d) Mindteck Netherlands BV	-	2,670,633	-	-	-	2,670,633
	e) Mindteck Singapore Pte. Limited	-	162,018	-	-	-	162,018

16 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	18,264,636	18,264,636	35,628,667	35,628,667
Shares				
Weighted average number of equity shares outstanding during the year	24,348,593	24,348,593	24,013,710	24,013,710
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	10,065	-	837
Weighted average number of equity shares resulting from share application money	-	-	-	33,495
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	270,056	-	553,684
Weighted average number of equity shares for calculation of earnings per share	24,348,593	24,628,714	24,013,710	24,601,726

As per the Guidance Note on 'Accounting for Employee Share-Based Payments' issued by the ICAI, 416,000 (previous year 416,000) weighted average number of equity shares held by the Mindteck Employees Welfare Trust have been reduced from the equity shares outstanding in computing basic and diluted earnings per share.

17 AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX)

Amount in Rs		
Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Audit fees	1,700,000	1,700,000
Tax audit fees	100,000	50,000
Other services	250,000	250,000
Reimbursement of expenses	126,013	46,368
	2,176,013	2,046,368

18 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. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2010 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 Micro, Small and Medium Enterprises Development Act is not expected to be material. The Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act.

Amount in Rs

Particulars	March 31, 2010	March 31, 2009
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year:		
-Principal amount payable to suppliers	-	-
-Interest accrued on the above amount	-	-
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.	-	-
-Amount of interest for delayed payment to suppliers actually paid during the year	-	-
-Amount of delayed payments actually made to suppliers during the year	-	-
The amount of interest due and payable for the year 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.	-	-
The amount of interest accrued and remaining unpaid at the end of the year.	-	-
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 enterprises.	-	-

19 GRATUITY PLAN

The following table sets out the status of the gratuity plan as required by AS-15 (revised)

Amount in Rs

Particulars	As at March 31, 2010	As at March 31, 2009
Obligations at beginning of the year	7,297,187	4,645,668
Service cost	1,023,457	3,105,642
Interest cost	544,981	310,953
Benefits paid	(656,250)	(424,958)
Actuarial (gain)/loss	(807,630)	(340,118)
Obligations at end of the year	7,401,745	7,297,187
Change in plan assets		
Plans assets at beginning of the year, at fair value	3,718,637	2,419,100
Expected return on plan assets	352,761	229,940
Actuarial gain/(loss)	129,612	(112,330)
Contributions	2,037,990	1,606,885
Benefits paid	(656,250)	(424,958)
Plans assets at end of the year, at fair value	5,582,750	3,718,637
Reconciliation of present value of the obligation and the fair value of the plan assets		
Present value of the defined benefit obligations at the end of the year	7,401,745	7,297,187
Fair value of plan assets at the end of the year	(5,582,750)	(3,718,637)
Liability recognized in the balance sheet	1,818,995	3,578,550

Gratuity cost for the year	Year ended March 31, 2010	Year ended March 31, 2009
Service cost	1,023,457	3,105,642
Interest cost	544,981	310,953
Expected return on plan assets	(352,761)	(229,940)
Actuarial (gain)	(937,242)	(227,788)
Net gratuity cost	278,435	2,958,867
Assumptions		
Interest rate	7.82% p.a.	7.00% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	6.00% p.a.	6.00% p.a.
Attrition rate	20.00% p.a.	15.00% p.a.
Retirement age	58 years	58 years

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.

20 DERIVATIVE INSTRUMENTS

The Company has taken forward contracts to mitigate its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. The Company does not enter into any forward contract, which is intended for trading or speculative purposes. The details of forward contracts outstanding at March 31, 2010 and March 31, 2009 are as follows:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Number of contracts	29	-
Amount in Foreign currency	USD 1,700,000	-
Amount in Indian Rupees	Rs 80,501,000	-

Foreign currency exposures that have not been hedged by derivative instruments or otherwise are as follows:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Due from:				
Debtors for services rendered	32,194,839	USD 713,222	205,341,635	USD 4,045,742
	-	-	4,512,472	CHF 102,405
	2,515,820	BHD 20,960	-	-
	2,916,575	EUR 48,160	12,164,152	EUR 181,291
	44,851,036	GBP 659,256	32,858,593	GBP 453,144
	451,665	RM 32,744	-	-
	458,463	SGD 14,239	915,580	SGD 27,503
Advances Recoverable	3,924,701	USD 84,237	6,485,469	USD 127,780
	389,414	BHD 3,189	-	-
	-	-	335,617	CHF 7,616
	6,633	EUR 110	2,099,343	EUR 31,288
	2,066,152	GBP 30,125	117,881	GBP 1,626
	23,114	SGD 700	828,155	SGD 24,877
Due to: Creditors for services availed	37,756,066	USD 836,421	111,537,079	USD 2,178,884
	516,028	SGD 16,026	162,018	SGD 4,780
	5,165,856	GBP 86,731	-	-
	2,094,934	Euro 34,593	-	-

21 QUANTITATIVE DETAILS

The Company is engaged in providing software, IT-enabled and related 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.

22 TRANSFER PRICING

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-Tax Act, 1961. Since the law required existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of September 30, 2010, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

23 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED/RECLASSIFIED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S PRESENTATION.

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART - (IV) OF THE COMPANIES ACT, 1956

I Registration Details

Registration No.	11-62649 of 1991
State Code	11
Balance Sheet Date	31.03.2010

II Capital Raised during the year

(Amount in Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placements	Nil

III Position of Mobilisation and Deployment of Funds

(Amount in Thousands)

Total Liabilities	1,391,168
Total Assets	1,391,168
Sources of Funds	
Paid up Capital	243,486
Equity shares reserve for issuance	19,860
Reserves & Surplus	1,110,466
Secured Loans	17,356
Unsecured Loans	Nil
Application of Funds	
Net Fixed Assets	33,030
Investments	1,231,291
Net Current Assets	126,847
Misc. Expenditure	Nil
Accumulated Losses	Nil

IV Performance of the Company

Turnover	459,533
Total Expenditure	472,229
Profit Before Tax	23,363
Profit After Tax	18,265
Earnings per Share (Rs.)	0.75
Dividend Rate	-

V Generic Name of Principle product/services of the Company

Item Code (ITC Code)	8,524
Product Description	Computer Software

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MINDTECK (INDIA) LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MINDTECK (INDIA) LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated balance sheet of Mindteck (India) Limited ('the Company') and its subsidiaries (collectively referred to as 'the Mindteck Group') as at March 31, 2010, the consolidated profit and loss account of the Mindteck Group and the consolidated cash flow statement of the Mindteck Group 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 did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of Rs 102,818,515 as at March 31, 2010, total revenue of Rs 220,620,656 and cash flows amounting to Rs 3,430,609 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for those subsidiaries, is based solely on the reports of the other auditors. 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 by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the Mindteck Group as at March 31, 2010;
- b) in the case of the consolidated profit and loss account, of the profit of the Mindteck 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 Mindteck Group for the year ended on that date.

for **B S R & Company**
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: 17 May 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,485,930	243,485,930
Equity shares reserved for issuance	15(3)	19,859,926	19,859,926
Reserves and surplus	2	920,656,809	903,645,129
		1,184,002,665	1,166,990,985
Loan funds			
Secured loans	3(a)	17,356,124	94,668,416
Unsecured loans	3(b)	4,236,040	4,778,027
		1,205,594,829	1,266,437,428
APPLICATION OF FUNDS			
Goodwill	4	865,341,507	867,876,428
Fixed assets	5		
Gross block		200,514,211	225,426,412
Less: Accumulated depreciation		(146,741,916)	(133,280,155)
Net block		53,772,295	92,146,257
Deferred tax assets, net	15(7b)	14,830,404	18,216,723
Current assets, loans and advances			
Sundry debtors	6	356,746,833	518,848,027
Cash and bank balances	7	49,875,905	126,831,329
Loans and advances	8	198,210,613	172,006,851
		604,833,351	817,686,207
Current liabilities and provisions			
Current liabilities	9	276,229,473	485,602,413
Provisions	10	56,953,255	43,885,774
Net current assets		271,650,623	288,198,020
		1,205,594,829	1,266,437,428

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 & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 17, 2010

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 17, 2010

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Income from software services		2,265,401,341	2,821,374,632
Other income	11	38,088,870	94,505,524
		2,303,490,211	2,915,880,156
EXPENDITURE			
Manpower cost	12	1,893,444,441	2,390,579,035
Operating and administration expenses	13	304,789,814	345,804,108
Finance charges	14	7,131,764	14,041,919
Depreciation (including impairment) [refer schedule 15(17)]	5	39,166,353	23,629,352
Amortisation of goodwill	5	1,400,000	1,400,000
		2,245,932,372	2,775,454,414
Profit before taxation		57,557,839	140,425,742
Taxation			
- Current tax		23,093,165	27,023,579
- Fringe benefit tax (net of recoveries)		-	1,573,423
- Deferred tax		947,063	2,025,014
Profit after taxation		33,517,611	109,803,726
Balance in profit and loss account brought forward		(9,350,404)	(117,770,622)
Add: Effect of consolidation of the Mindteck Employees Welfare Trust		-	208,000
Amount available for appropriation		24,167,207	(7,758,896)
Appropriations :			
Dividend		-	1,360,322
Corporate dividend tax		-	231,186
Profit/(loss) in profit and loss account carried forward		24,167,207	(9,350,404)
Earnings per share ('EPS')	15 (12)		
(Equity shares, par value Rs 10 each)			
-Basic		1.38	4.57
-Diluted		1.36	4.46
Weighted average number of shares used in computing earnings per share			
-Basic		24,348,593	24,013,710
-Diluted		24,628,714	24,601,726

Significant accounting policies and notes to the accounts 15
The schedules referred to above form an integral part of the profit and loss account.

As per our report attached
for B S R & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 17, 2010

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 17, 2010

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Cash flow from operating activities		
Profit before taxation	57,557,839	140,425,742
Adjustments for :		
Depreciation (including impairment)	39,166,353	23,629,352
Interest expense	5,367,374	11,281,728
Interest on fixed deposits	(685,509)	(4,142,416)
Loss on sale of fixed assets	120,367	289,970
Provision no longer required written back	(660,511)	(18,052,151)
Provision for doubtful debts	2,062,260	809,797
Bad debts written off	368,856	-
Amoritisation of goodwill	1,400,000	1,400,000
Operating profit before working capital changes	104,697,029	155,642,022
Decrease/(increase) in sundry debtors	159,624,269	(5,436,352)
(Increase) / decrease in loans and advances	(22,470,864)	57,272,518
Decrease/(increase) in current liabilities and provisions	(203,365,460)	(101,554,268)
Cash generated from operations	38,484,974	105,923,920
Income tax and fringe benefit tax paid	(14,959,825)	(17,187,590)
Net cash generated from operating activities	23,525,149	88,736,330
Cash flow from investing activities		
Purchase of fixed assets	(10,162,323)	(53,444,892)
Proceeds from sale of fixed assets	129,673	98,955
Payment of purchase consideration, net of cash acquired	-	(26,724,267)
Interest received on fixed deposit	685,509	4,142,416
Net cash generated used in investing activities	(9,347,141)	(75,927,788)
Cash flow from financing activities		
Proceeds from issue of equity shares	-	4,181,536
Interest paid on loans	(5,367,374)	(11,281,728)
Proceeds from / (repayment of) secured loans, net	(77,312,292)	35,877,060
Repayment of unsecured loans, net	(541,987)	(5,521,743)
Dividend paid (including distribution tax)	(518,723)	(13,122,549)
Net cash generated from/(used in) financing activities	(83,740,376)	10,132,576
Net increase/(decrease) in cash and cash equivalents	(69,562,368)	22,941,118
Effect of exchange rate changes	(7,393,056)	(40,342,633)
Cash and cash equivalents at the beginning of the year	126,831,329	144,232,844
Cash and cash equivalents at the end of the year	49,875,905	126,831,329

Note: Cash and cash equivalents at the end of the year include deposits with banks aggregating to Rs 5,000,000 (previous year Rs 5,000,000) pledged against secured loans and margin money, which are not freely available for use by the Company.

As per our report attached
for B S R & Company
Chartered Accountants
Registration number : 128032W

Supreet Sachdev
Partner
Membership No. : 205385

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Suresh Rao V R
Group CFO

Pankaj Agarwal
Managing Director

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

Place : Bangalore
Date : May 17, 2010

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
Authorised capital		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
Issued, subscribed and paid-up capital		
24,764,593 (previous year 24,764,593) equity shares of Rs 10 each fully paid-up	247,645,930	247,645,930
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid-up held by the Mindteck Employees Welfare Trust [Refer Schedule 15 (6b)]	(4,160,000)	(4,160,000)
Of the above,		
1. 251,680 (previous year 251,680) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Nicco Infotech Limited pursuant to an amalgamation.		
2. 2,850,000 (previous year 2,850,000) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile Infotech Holdings Inc. pursuant to an acquisition.		
3. 10,969,944 (previous year 10,969,944) equity shares of Rs 10 each are allotted as fully paid-up for consideration other than cash to the shareholders of erstwhile ICI Tech Holdings Inc., Mindteck Singapore Pte Limited, Mindteck UK Limited and Chendle Holdings Limited pursuant to acquisitions.		
4. a. 16,169,857 (previous year 16,169,857) equity shares of Rs 10 each fully paid-up are held by Embtech Holding Limited, Mauritius, the holding company.		
b. 261,747 (previous year 261,747) equity shares of Rs 10 each fully paid-up are held by Infotech Ventures Ltd.		
The ultimate holding company is Transcompany Limited, British Virgin Islands.		
	243,485,930	243,485,930

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 2		
RESERVES AND SURPLUS		
Capital reserve		
At the commencement of the year	86,726,769	42,602,609
Add: Extinguishment of liability towards preference shares	-	44,124,160
	86,726,769	86,726,769
Securities premium		
At the commencement of the year	1,018,030,502	803,664,778
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 15 (6b)]	(36,240,000)	(36,240,000)
	981,790,502	767,424,778
Additions during the year		
- Preferential issue of equity shares	-	214,365,724
	981,790,502	981,790,502
Foreign currency translation reserve	(20,542,662)	(4,036,731)
Balance in profit and loss account	24,167,207	(9,350,404)
Adjustment on amalgamation of foreign subsidiaries [Pursuant to the amalgamation of ISS Consultants Inc. into its parent, Mindteck (USA) Inc. which was effective May 31, 2007, in accordance with AS-14 'Accounting for Amalgamations', goodwill was adjusted with revenue reserves. Mindteck (USA) Inc. was subsequently merged with Mindteck Inc.]	(151,485,007)	(151,485,007)
	920,656,809	903,645,129
SCHEDULE - 3 (a) SECURED LOANS		
From scheduled bank		
- Cash credit facility	7,079,036	94,072,153
- Packing credit in foreign currency (PCFC)	10,277,088	
^ [Secured by equitable mortgage of property at Kolkata, charge on the fixed assets of the Company and fixed deposits aggregating to Rs 5,000,000 (previous year Rs 5,000,000) with lien marked in favour of the bank.]		
From non-scheduled bank	-	596,263
- Line of credit from Citizens Bank, United States of America [Secured by a first place lien on all accounts receivable and business assets of the borrower and corporate guarantee issued by Mindteck (India) Limited]		
	17,356,124	94,668,416
SCHEDULE - 3 (b) UNSECURED LOANS		
Factoring facility [Refer Schedule 15(15)]	4,236,040	4,778,027
	4,236,040	4,778,027

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 4		
GOODWILL		
Goodwill arising on consolidation	848,129,043	848,129,043
Goodwill - purchased or arising on amalgamation		
Balance brought forward	109,602,027	91,254,642
Additions/adjustments during the year	<u>(1,134,921)</u>	<u>18,347,385</u>
	108,467,106	109,602,027
Amortisation		
Balance brought forward	(89,854,642)	(88,454,642)
During the year	<u>(1,400,000)</u>	<u>(1,400,000)</u>
	(91,254,642)	(89,854,642)
Goodwill - purchased or arising on amalgamation, net	17,212,464	19,747,385
	865,341,507	867,876,428

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE-5 – FIXED ASSETS

Assets		Gross Block				Accumulated Depreciation				Net block	
	As at April 1, 2009	Adjust-ments	Additions / Adjustments during the year ^	Deletions / Adjustments during the year	As at March 31, 2010	As at April 1, 2009	Adjust-ments	Charge for the year including impairment	Deletions / Adjustments during the year^	As at March 31, 2010	As at March 31, 2009
Intangible assets, owned:											
Computer software	62,677,355	-	(4,296,499)	8,211,401	50,169,455	32,159,316	-	19,727,280*	10,589,870	41,296,726	30,518,039
Tangible assets, owned:											
Computer equipment	93,006,632	-	(1,972,581)	5,324,847	85,709,204	68,587,556	-	10,755,745	10,089,525	69,253,776	24,419,076
Office equipment	16,503,664	-	1,184,820	2,191,174	15,497,310	10,881,020	-	2,122,349	2,446,411	10,556,958	5,622,644
Furniture and fixtures	25,571,113	-	(2,371,544)	587,576	22,611,993	16,637,931	-	2,244,580	2,382,257	16,500,254	8,933,182
Vehicles	990,360	-	(112,668)	-	877,692	143,422	-	146,055	(20,592)	310,069	846,938
Buildings	10,156,520	-	-	-	10,156,520	1,665,743	-	165,551	-	1,831,294	8,490,777
Leasehold improvements	16,520,768	-	(1,028,731)	-	15,492,037	3,205,167	-	4,004,793	217,121	6,992,839	13,315,601
	225,426,412	-	(8,597,203)	16,314,998	200,514,211	133,280,155	-	39,166,353	25,704,592	146,741,916	92,146,257
Previous year	152,224,173	19,211,368	80,280,073	26,289,202	225,426,412	101,732,875	17,869,455	23,629,352	9,951,527	133,280,155	92,146,257

^ - Includes the effect of translation of assets held by foreign subsidiaries which are considered as non-integral in terms of AS 11, 'The Effects of Changes in Foreign Exchange Rates'

* - Includes charge on account of impairment of computer software Rs 13,673,602 [Refer schedule 15(17)]

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	1,505,375	1,187,644
Considered doubtful	3,419,291	826,865
	4,924,666	2,014,509
Others debts		
Considered good	355,241,458	517,660,383
Considered doubtful	325,634	809,991
	360,491,758	520,484,883
Less : Provision for doubtful debts	3,744,925	1,636,856
	356,746,833	518,848,027
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on hand	119,268	289,612
Balances with banks:		
- In current accounts	40,690,816	65,388,272
- In deposit accounts	4,065,821	56,153,445
- In margin money account	5,000,000	5,000,000
	49,875,905	126,831,329
SCHEDULE - 8		
LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Advances to employees	2,898,436	3,638,122
- Prepaid expenses	8,590,284	8,928,715
- Other advances	33,582,327	6,704,504
Advance income tax and tax deducted at source	17,501,432	13,768,534
Deposits with government bodies	341,705	375,962
Other deposits	64,081,142	68,246,895
Unbilled revenue	71,215,287	70,344,119
	198,210,613	172,006,851

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry creditors	226,243,807	323,749,976
Notes payable	-	104,340,000
Deposits	23,398,248	23,218,128
Unclaimed dividends	3,093,153	3,611,876
Unearned income	908,897	8,893,210
Other liabilities	22,585,368	21,789,223
	276,229,473	485,602,413
SCHEDULE - 10		
PROVISIONS		
Provision for compensated absences	20,407,738	17,446,940
Provision for gratuity [Refer Schedule 15(13)]	1,818,995	3,578,550
Provision for income taxes	34,726,522	22,565,764
Provision for fringe benefit tax	-	294,520
	56,953,255	43,885,774

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
SCHEDULE - 11		
OTHER INCOME		
Interest-from banks		
[tax deducted at source Rs 78,927 (previous year Rs 873,988)]	685,509	4,142,416
Provision no longer required, written back [Refer Schedule 15(16)]	660,511	18,052,151
Rental income [tax deducted at source Rs 5,345,156 (previous year Rs 6,876,899)]	34,822,057	32,785,726
Foreign exchange gain, net	-	36,845,582
Miscellaneous income	1,920,793	2,679,649
	38,088,870	94,505,524
SCHEDULE - 12		
MANPOWER COST		
Salaries and allowances	1,162,618,088	1,337,299,553
Contribution to provident and other funds	78,776,614	91,044,075
Staff welfare expenses	47,749,160	55,135,179
Consultancy charges	604,300,579	907,100,228
	1,893,444,441	2,390,579,035
SCHEDULE - 13		
OPERATING AND ADMINISTRATION EXPENSES		
Rent	106,821,617	105,847,181
Hiring charges	9,570,072	11,748,420
Travelling	40,830,154	57,104,385
Professional charges	39,165,860	48,217,411
Foreign exchange loss, net	23,595,035	-
Communication	18,196,977	21,593,200
Electricity	11,756,076	10,960,744
Membership and subscription	10,883,579	12,811,139
Rates and taxes	7,552,593	15,457,826
Repairs and maintenance-building	660,438	506,129
Repairs and maintenance-others	6,359,349	7,526,856
Insurance premium	4,630,334	13,173,938
Remuneration to auditors	4,075,878	2,046,368
Printing and stationery	3,777,980	6,139,466
Provision for doubtful debts	2,062,260	809,797
Recruitment expenses	1,134,628	20,336,682
Bad debts written off	368,856	-
Loss on sale fixed asset, net	120,367	289,970
Miscellaneous expenses	13,227,761	11,234,596
	304,789,814	345,804,108
SCHEDULE - 14		
FINANCE CHARGES		
Interest on working capital loans	5,367,374	11,281,728
Bank charges	1,764,390	2,760,191
	7,131,764	14,041,919

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 15 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1 DESCRIPTION OF THE GROUP

Mindteck (India) Limited ('Mindteck' or 'the Company') together with its wholly owned subsidiaries, set out below, collectively referred as 'the Group' is a provider of Information Technology services to a wide range of Fortune 500 companies, multinationals and small and medium enterprises worldwide. The Group offers a complete range of technology outsourcing services, including IT Services, Product Engineering and R&D Services, IT Infrastructure & Managed Services and Security Compliance Services.

The Group's clientele constitute varied industry verticals, including Public Sector (Government), Higher Education, High Technology (such as Semiconductor, Storage, Computing,

Wireless) and Manufacturing (such as Analytical Instruments, Industrial Systems, Medical Systems).

The Group has four global delivery centers located in the United State of America, India and Singapore and has eight offices across India, the United States of America, United Kingdom, Netherlands, Germany, Bahrain, Singapore and Malaysia.

Mindteck has wholly owned subsidiaries (including step-down subsidiaries) in United States of America, Singapore, Malaysia, Bahrain, United Kingdom, Netherlands, Germany and India. Mindteck is the flagship company of the Group and is listed in India on the Bombay Stock Exchange.

List of subsidiaries with percentage holding as on March 31, 2010

Subsidiaries	Country of incorporation and other particulars	Percentage of ultimate holding (%)
Chendle Holdings Limited ('Chendle')	A subsidiary of Mindteck from April 1, 2008, organised under the laws of British Virgin Islands	100
Mindteck UK Limited ('Mindteck UK')	A subsidiary of Mindteck from April 1, 2008, organised under the laws of the United Kingdom	100
Mindteck Netherlands BV ('Mindteck Netherlands')	A subsidiary of Mindteck UK from October 17, 2008, organised under the laws of Netherlands	100
Mindteck Germany GmbH ('Mindteck Germany')	A subsidiary of Mindteck UK from April 2, 2008, organised under the laws of Germany	100
Mindteck Singapore Pte Ltd. ('Mindteck Singapore')	A subsidiary of Mindteck from April 1, 2008, organised under the laws of Singapore	100
Mindteck Inc.	A subsidiary of Mindteck organised under the laws of the Commonwealth of Pennsylvania, USA	100
Mindteck Software Malaysia SDN. BHD ('Mindteck Malaysia')	A subsidiary of Mindteck organised under the laws of Malaysia	100
Mindteck Middle East Ltd SPC, Kingdom of Bahrain ('Mindteck Middle East')	A subsidiary of Mindteck organised under the laws of the Kingdom of Bahrain	100
Mindteck BPO Services Private Limited ('Mindteck BPO') [Refer Schedule 15(4)]	A subsidiary of Mindteck, organised under the laws of India	100

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 ('the Rules'), other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable and the guidelines issued by Securities and Exchange Board of India ('SEBI'). Accounting policies have been consistently applied except where are newly issued accounting standard is initially adopted or a revision to an existing accounting

standard requires a change in an accounting policy hitherto in use. The financial statements are prepared and presented in Indian Rupees unless otherwise stated.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Mindteck and its subsidiaries, which are more than 50% owned or controlled. The financial statements of the parent company and its majority owned/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 resulting unrealized gain/loss from the date the parent company acquired these subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies in use at the group.

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 for the year, assets and liabilities and disclosures relating to contingent liabilities as on the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.4 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation, etc.) or construction less accumulated depreciation and impairment. 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.

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.

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

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

Asset classification	Useful life
Computer equipment	3 to 7 years
Office equipment	5 years
Furniture and fixtures	5 to 7 years
Vehicles	6 years
Buildings	58 years

Leasehold improvements are amortised over the lease-term or the estimated useful life of assets whichever is shorter.

Significant purchased application software that is an integral part of the Group's computer systems, expected to provide lasting benefits, is capitalised and amortised on the straight-line method over its estimated useful life or six years whichever is shorter.

Fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of purchase/installation. Pro-rata depreciation is provided on all fixed assets purchased and sold during the year.

2.5 Retirement benefits

Gratuity, a defined benefit for employees of the Indian entity, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India ('LIC'). Provision for gratuity liabilities, pending remittance to the fund, is carried in the balance sheet. Actuarial gains and losses are charged to the profit and loss account.

Compensated absences, a long-term defined employee benefit, is accrued based on an actuarial valuation 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.

Contributions payable to the recognized provident fund employee pension and social security schemes in certain overseas subsidiaries, which are defined contribution schemes, are charged to the profit and loss account.

2.6 Revenue recognition

The Group derives its revenues from software services. Revenue from software services on a time-and-material basis is recognized upon performance of services and at the agreed contractual rates. Revenue from fixed price contracts is recognized using the percentage completion method determined by relating the actual cost incurred to date to the estimated total cost of the contract. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on the current contract estimates.

Unbilled revenue represents earnings in excess of billings while unearned income represents billings in excess of earnings.

Revenues are stated net of discounts and any applicable duties or taxes.

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

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

2.7 Intangible assets

Intangible assets are measured initially at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Acquired intangible assets

Intangible assets are recorded at the consideration paid for acquisition.

Internally generated intangible assets

The cost of internally generated intangible assets arising from development comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis,

for creating, producing and making the asset ready for its intended use.

Expenditure on research (or on the research phase of an internal project) are recognized as an expense when they are incurred.

Goodwill

Any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is recorded as goodwill arising on consolidation.

In an amalgamation in the nature of a purchase, any excess of the amount of the consideration over the value of the net assets of the transferor company acquired is recorded as goodwill arising on amalgamation.

Goodwill, arising on purchase of business, is recorded to the extent the cost of acquisition of the business, comprising purchase consideration and transaction costs, exceeds the value of net assets acquired.

Amortization

Intangible assets are amortised over their estimated useful life on a straight-line basis commencing from the date the asset is available to the Group for its use.

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. Goodwill, arising on purchase of business, is amortised over its useful life of five years and is assessed at each balance sheet date for the impairment. Goodwill arising on amalgamation is amortized on a systematic basis over its useful life of three years.

2.8 Foreign exchange transactions

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 recognized in the profit and loss account for the year.

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.

Forward exchange contracts and other similar instruments that are not hedges of forecasted transactions are accounted for using the guidance in Accounting Standards ('AS') 11 "The effects of changes in foreign exchange rates". For such forward exchange contracts covered by AS 11, based on the nature and purpose of the contract, contracts are either 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 inception is amortised as income or expense over the life of the contract.

For forward exchange contracts that are not covered by AS 11 and that relate to a firm commitment or highly probable forecast transactions, the Company has adopted

the principles of AS 30, 'Financial Instruments: Recognition and Measurement' which is recommendatory with effect from April 1, 2009. In accordance with the principles of AS 30, such derivative financial instruments that relate to a firm commitment or a highly probable forecast transaction and that do not qualify for hedge accounting, have been recorded at fair value at the reporting date and the resultant exchange loss/(gain) has been debited/credited to profit and loss account for the year.

All the subsidiaries of the Company have been identified as non-integral operations in accordance with the requirements of AS 11. The financial statements of such non-integral foreign operations are translated into Indian Rupees as follows:

- All assets and liabilities, both monetary and non-monetary are translated using the closing rate.
- Revenue items are translated at the respective monthly average rates.
- The resulting net exchange difference is credited or debited to a foreign currency translation reserve. However, an exchange difference arising out of an intra-group monetary item, whether short term or long term, is recognized in the profit and loss account.
- Contingent liabilities are translated at the closing rate.

The exchange difference arising on a monetary item that is a part of the enterprise's net investment in a foreign operation is accumulated in a foreign currency translation reserve until the disposal of the net investment. On disposal of the net investment, the amount accumulated in the foreign currency translation reserve is recognized as income or as expense.

2.9 Provisions 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. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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 recognized 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.

2.10 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 recognized 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. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognized 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 realized.

The Company, in India, enjoys a tax holiday for profits generated from its export activities upto March 31, 2011. Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing differences originate. For this purpose the timing differences which originate first are considered to reverse first.

Minimum Alternate Tax ('MAT') paid in accordance with the Indian Income Tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized 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.

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.

2.11 Fringe benefit tax (FBT)

The Finance Act, 2009 has withdrawn FBT effective April 1, 2009 and accordingly there is no charge of FBT in the current year's consolidated financial statements.

2.12 Earnings per share

In determining the earnings per share, the net profit after tax is divided by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earnings per share, potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

The weighted average number of equity shares held by the Mindteck Employees Welfare Trust is reduced from the equity shares outstanding in computing basic and diluted earnings per share.

2.13 Impairment of assets

The Group assesses, at each balance sheet date, whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized. In respect of goodwill, impairment loss is reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

2.14 Employee stock options

The Group measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost, if any, is amortised over the vesting period of the options.

2.15 Cash flow statement

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

3. ACQUISITIONS

During the previous year, on April 1, 2008, the Company acquired 100% equity in its fellow subsidiary Chendle Holdings Limited, BVI ('Chendle Holdings') including its wholly owned subsidiary Primetech Solutions Inc., USA.

At an agreed valuation of USD 6,600,000 (approximately Rs 264,664,741), the purchase consideration was agreed to be settled by a fresh issue of the equity shares of the Company [2,640,000 equity shares of the Company at an agreed value of USD 2.50 (Rs 100.30) per equity share] to the shareholders of Chendle Holdings. Of the total purchase consideration payable, 270,056 equity shares are yet to be allotted as at the balance sheet date and have been reserved for allotment to certain shareholders of Chendle Holdings, subject to the furnishing of Permanent Account Number ('PAN') by these shareholders. The submission of PAN is a pre-requisite to complete the allotment of shares.

During the year, SEBI vide its Circular dated April 24, 2009 amended the Equity Listing Agreement and prescribed a uniform procedure for dealing with unclaimed shares. As

per the Circular, unclaimed shares are to be credited to a dematerialized suspense account with a restriction on the voting rights until the rightful owner claims the shares. The Company had sought clarification from the Bombay Stock Exchange ('BSE') whether the said circular would apply in its present case and is awaiting the BSE's clarification on the matter.

The issue of equity shares to discharge the purchase consideration has been recorded at a price of Rs 73.54 per equity share, being the fair value of the equity shares issued,

in accordance with the requirements of paragraph 10 of AS-13, 'Accounting for Investments'. Additionally, transaction costs, where applicable, have been included in the cost of investment.

- 4 In the previous year, Company's wholly owned, non-operational subsidiary, Mindteck BPO Services Private Limited ('Mindteck BPO') commenced proceedings to wind up its operations under Section 560 of the Companies Act, 1956. On April 2, 2010, Mindteck BPO filed an application with the Registrar of Companies for striking its name off the register.

5 STATEMENT OF UTILIZATION OF THE PREFERENTIAL ISSUE PROCEEDS AS AT MARCH 31, 2010

Particulars	Amount (Rs)
Amount raised through preferential issues during the year ended March 31, 2008	283,042,002
Amounts raised through preferential issues during the year ended March 31, 2009	14,985,477
Total	298,027,479
Deployment of proceeds in previous years	
- Cash consideration for acquisition of subsidiaries	99,304,500
- Repayment of term loan	9,520,593
- Additional investment in wholly owned subsidiary, Mindteck USA Inc.	114,324,884
- Working capital requirements of the Company	19,697,186
Deployment of proceeds in current year	
- Additional investment in wholly owned subsidiary Mindteck Inc. (to the extent of funds remaining unutilized from the preferential issue proceeds)	55,180,316
Total	298,027,479

6 EMPLOYEE STOCK OPTIONS

a) Employee Share Incentive Scheme 2000

The Company has an Employee Share Incentive Scheme 2000 ('ESIS 2000') for the benefit of its employees administered through the Mindteck Employees Welfare Trust ('The Trust'). The Trust, which was constituted for this purpose, subscribed to 416,000 equity shares renounced in its favour by the Company's promoters/directors in the Company's earlier Rights Issue. These shares are to be distributed amongst the Company's employees, based on the recommendations made by the Company's Appraisal Committee. No equity shares have been distributed under the ESIS 2000 and therefore, no stock compensation expense has been recorded.

b) Consolidation of the Mindteck Employees Welfare Trust

In March 2008, the Company had sought a legal opinion regarding consolidation of the financial statements of the Trust in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 dated June 30, 2003 ('the Guidelines'). The Company was advised that the financial statements of the Trust should be consolidated with the financial statements of the Company. Accordingly, the Company has consolidated the financial statements of the Trust

with its own financial statements to comply with the requirements of the Guidelines.

The investment in the equity shares of the Company held by the Trust has been reduced from the share capital and securities premium account. Further, the opening retained earnings of the Trust have been included in the Group's opening retained earnings. Balances, after inter-company eliminations, have been appropriately consolidated in the Group's financial statements on a line by line basis.

c) Mindteck Employee Stock Option Scheme 2005

During the year ended March 31, 2006, the Company introduced the 'Mindteck Employees Option Scheme 2005' ('the Option Scheme 2005') for the benefit of the employees, as approved by the Board of Directors in its meeting held on July 4, 2005 and the shareholders meeting held on July 29, 2005. The Option Scheme 2005 provides for the creation and issue of 500,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Compensation Committee of the Board of Directors. The options vest annually in a graded manner over a three year period and are exercisable during a maximum period of 5 years from the date of vesting.

During the year ended March 31, 2010, the Company has granted 45,000 options on May 15, 2009 at an exercise price of Rs.16.55 per share, 15,000 options on October 29, 2009 at an exercise price of Rs.27.35 per share and 25,200 options on January 29, 2010 at an exercise price of Rs.31.50 per share.

d) Mindteck Employee Stock Option Scheme 2005

Option activity during the year and weighted average exercise price of stock options under the Option Scheme 2005 is given as below:

Particular	Year ended March 31, 2010		Year ended March 31, 2009	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	388,301	49.35	460,001	50.92
Granted during the year	85,200	22.87	30,000	31.00
Exercised during the year	-	-	-	-
Forfeited during the year	162,934	47.17	101,700	51.01
Lapsed during the year	-	-	-	-
Options outstanding at the end of the year	310,567	43.23	388,301	49.35
Options exercisable at the end of the year	192,267	49.68	214,268	52.80

The weighted average remaining contractual life of the options outstanding as at March 31, 2010 is 4.49 years (previous year 4.92 years).

The Company uses the intrinsic value method to account for the stock compensation cost. The exercise price has been determined as the closing price of the Company's shares traded on the Bombay Stock Exchange on the day prior to the date of grant of options and thus there is no stock compensation expense under the intrinsic value method for the options granted during the year.

The Guidance Note on 'Accounting for Employee Share-Based Payments' issued by the ICAI requires the disclosure of pro-forma net results and EPS, both basic and diluted, had the Company adopted the fair value approach described in the guidance note. Had the Company accounted for compensation cost under the fair value method, the reported profit after taxation for the year ended March 31, 2010 would have been Rs 33,268,935 (previous year Rs 108,697,309) i.e. lower by Rs 248,676 (previous year lower by Rs 1,106,417) and the basic and diluted EPS for the year would have been Rs 1.37 and Rs 1.35 (previous year Rs 4.53 and Rs 4.42) respectively.

The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend yield of 5-10% on the underlying equity shares, volatility in the share price of 55-100% and a risk free rate of 7-9.5%. The Company's calculations are based on a single option valuation approach. The expected volatility is based on historical volatility of the

share price during the period after eliminating abnormal price fluctuations.

e) Mindteck Employee Stock Option Scheme 2008

During the year ended March 31, 2009, the Company introduced 'Mindteck Employees Stock Option Scheme 2008' ('the Option Scheme 2008') for the benefit of the employees, as approved by the Board of Directors in its meeting held on May 27, 2008 and the shareholders meeting held on July 30, 2008. The Option Scheme 2008 provides for the creation and issue of 1,200,000 options that would eventually convert into equity shares of Rs 10 each in the hands of the Group's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Compensation Committee of the Board of Directors. The options will vest after the expiry of a period of twelve months from the date on which the options are granted. The vesting term and the period over which the options are exercisable is to be decided by the Compensation Committee.

No options have been granted under the Option Scheme 2008.

7 PROVISION FOR TAXATION

- a) Provision for income tax for the year relates to income tax on taxable income of the Company under the provisions of Section 115JB of the Income Tax Act, 1961 relating to MAT and on taxable income of the foreign subsidiaries calculated in accordance with the relevant tax regulations in those respective jurisdictions.

b) Deferred taxes

Amount in Rs

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	(6,443,456)	(8,579,431)
Deferred tax asset		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	7,942,544	4,510,128
Carry forward losses restricted to the extent of deferred tax liability*	2,866,382	5,467,315
Provision for doubtful debts	1,030,253	378,121
Provision for expenses	9,434,681	16,440,590
Net deferred tax asset	14,830,404	18,216,723

*In view of unabsorbed depreciation and carry forward business losses under tax laws, some of the entities within the Group are unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly for these entities, no deferred tax asset has been recognized (except to the extent of deferred tax liabilities) as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. As at the balance sheet date, Mindteck Inc. has carry forward business losses of Rs 254,645,800 (USD 6,073,676), which are not likely to be utilized due to certain restrictions imposed by local tax laws. Accordingly, such losses have not been considered by the Company for the purposes of recording deferred tax assets. Accordingly, the Company believes that it is not required to establish virtual certainty for the recognition of deferred tax assets.

8 CONTINGENT LIABILITIES AND COMMITMENTS

- Guarantees given by the Company's bankers as at March 31, 2010 is Rs Nil (previous year: Rs Nil).
- Corporate Guarantee of Rs 180,560,000 (USD 4 million) [previous year: Rs 203,020,000 (USD 4 million)] in favour of a banking institution in the United States of America with respect to the extension of credit facilities by the banking institution to Mindteck Inc, a wholly owned subsidiary of the Company.
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided

for as at March 31, 2010 is Rs 75,240 (previous year: Rs Nil)

- Claims against the Company not acknowledged as debt as at March 31, 2010 is Rs Nil (previous year: Rs Nil).
- The Company has received a draft assessment order for the assessment year 2006-07 wherein an additional amount of tax of Rs 15,590,456 (including interest of Rs 4,838,414) has been assessed as payable. The additional tax is primarily towards the price adjustments carried out by the Transfer Pricing Officer amounting to Rs 25,070,787 under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal before the Dispute Resolution Panel (DRP) against the said order and management believes that the Company has a good case to defend and no liability is expected in this regard.

9 SEGMENT REPORTING

The Group's operations predominantly relate to providing software services to external customers and providing IT-enabled services to consolidated subsidiaries within the Group. The Group considers business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

Since IT-enabled services are rendered to subsidiaries which are consolidated, the disclosure of a separate IT-enabled services segment as a separate primary segment is not applicable. The Group is therefore considered to constitute a single primary business segment and accordingly primary segment disclosures have not been presented.

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

Geographical segments

Amount in Rs

Revenue	Year ended March 31, 2010	Year ended March 31, 2009
- USA	1,992,547,182	2,435,063,087
- India	523,586	1,941,000
- Rest of the world	272,330,573	384,370,545
Total	2,265,401,341	2,821,374,632

10 LEASES

Operating Leases

The Group leases office and residential facilities and certain equipment under operating lease arrangements.

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2010 amounted to Rs 66,181,433 (previous year Rs 73,833,988).

Future minimum lease payments under non-cancellable operating leases are set out below:

Lease obligations	Amount in Rs	
	As at March 31, 2010	As at March 31, 2009
Payable not later than one year	34,528,529	66,524,919
Payable later than one year and not later than five years	52,159,827	61,123,719
Payable later than five years	-	8,014,536

Additionally, the Group leases office facilities, residential facilities and equipment under cancellable operating leases. The rental expense under cancellable operating leases during the year ended March 31, 2010 was Rs 50,210,256 (previous year Rs 43,761,613).

Rental income from sub-leasing of office facilities during the year ended March 31, 2010 was Rs 34,822,057 (previous year Rs 32,785,726).

11 RELATED PARTY TRANSACTIONS

a) Related parties where control exists

The related parties where control exists are the holding companies (including ultimate and intermediary holding companies), subsidiaries and the Mindteck Employees Welfare Trust.

(i) Holding companies

- Transcompany Ltd., British Virgin Islands (BVI) – Ultimate holding company
- Vanguard Investments Ltd., BVI – Intermediary holding company
- Mindteck Holdings Ltd., BVI - Intermediary holding company
- Business Holdings Ltd., BVI - Intermediary holding company
- Garrington Investments Ltd., BVI - Intermediary holding company
- Embtech Holdings Ltd., Mauritius - Holding company

(ii) Fellow subsidiaries

- Infotech Ventures Limited
- Syncosoft Inc.
- Mindteck KK, Japan

(iii) Mindteck Employee Welfare Trust ('MEWT')

b) Key managerial personnel

- Pankaj Agarwal – Managing Director
- Guhan Subramaniam – Non-executive director
- Vivek Malhotra – Non-executive director
- Indresh Narain – Non-executive director
- Javed Gaya – Non-executive director

c) Transaction with related parties for the year ended March 31, 2010:

Sl. No.	Transaction/ nature of relationship	Amount in Rs		
		Holding Companies	Key management personnel	Total
(i)	Remuneration to key managerial personnel	-	21,016,207	21,016,207
(ii)	Write off of receivables			
	a) Infotech Ventures Ltd BVI	11,358	-	11,358
(iii)	Director's sitting fees	-	640,000	640,000

(d) Transaction with related parties for the year ended March 31, 2009:

Sl. No.	Transaction/ nature of relationship	Amount in Rs		
		Holding Companies	Key management personnel	Total
(i)	Repayment of expenses			
	a) Mindteck Holdings Ltd	860,378	-	860,378
(ii)	Remuneration to key managerial personnel	-	23,057,289	23,057,289
(iii)	Director's sitting fees	-	750,000	750,000
(iv)	Preferential allotment of equity shares			
	a) Embtech Holdings Ltd.	161,243,804	-	161,243,804
(v)	Consideration for acquisition of Mindteck Singapore Pte Ltd			
	a) Embtech Holdings Ltd.	40,057,500	-	40,057,500
(vi)	Extinguishment of liability on preference shares issued by subsidiary	4,4124,160	-	4,4124,160

(e) The balances receivable from and payable to related parties as at March 31, 2010 and as at March 31, 2009 are Nil.

12 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit/(loss) after taxation (Rs)	33,517,611	33,517,611	109,803,726	109,803,726
Shares				
Weighted average number of equity shares outstanding during the year	24,348,593	24,348,593	24,013,710	24,013,710
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	10,065	-	837
Weighted average number of equity shares resulting from share application money	-	-	-	33,495
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	270,056	-	553,684
Weighted average number of equity shares for calculation of earnings per share	24,348,593	24,628,714	24,013,710	24,601,726

As per the Guidance Note on 'Accounting for Employee Share-Based Payments' issued by the ICAI, 416,000 weighted average number of equity shares held by the Mindteck Employees Welfare Trust have been reduced from the equity shares outstanding in computing basic and diluted earnings per share.

13 GRATUITY PLAN

The following table sets out the status of the gratuity plan as required by AS-15 (revised):

Particulars	Amount in Rs	
	As at March 31, 2010	As at March 31, 2009
Obligations at beginning of the year	7,297,187	4,645,668
Service cost	1,023,457	3,105,642
Interest cost	544,981	310,953
Benefits paid	(656,250)	(424,958)
Actuarial (gain)/loss	(807,630)	(340,118)
Obligations at end of the year	7,401,745	7,297,187
Change in plan assets		
Plans assets at beginning of the year, at fair value	3,718,637	2,419,100
Expected return on plan assets	352,761	229,940
Actuarial gain/(loss)	129,612	(112,330)
Contributions	2,037,990	1,606,885
Benefits paid	(656,250)	(424,958)
Plans assets at end of the year, at fair value	5,582,750	3,718,637
Reconciliation of present value of the obligation and the fair value of the plan assets		
Present value of the defined benefit obligations at the end of the year	7,401,745	7,297,187
Fair value of plan assets at the end of the year	(5,582,750)	(3,718,637)
Liability recognized in the balance sheet	1,818,995	3,578,550

Gratuity cost for the year	Year ended March 31, 2010	Year ended March 31, 2009
Service cost	1,023,457	3,105,642
Interest cost	544,981	310,953
Expected return on plan assets	(352,761)	(229,940)
Actuarial (gain)	(937,242)	(227,788)
Net gratuity cost	278,435	2,958,867
Assumptions		
Interest rate	7.82% p.a.	7.00% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	6.00% p.a.	6.00% p.a.
Attrition rate	20.00% p.a.	15.00% p.a.
Retirement age	58 years	58 years

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.

14 DERIVATIVE INSTRUMENTS

The Company has taken forward contracts to mitigate its risks associated with foreign currency fluctuations in respect of highly probable forecast transactions. The Company does not enter into any forward contract, which is intended for trading or speculative purposes. The details of forward contracts outstanding at March 31, 2010 and March 31, 2009 are as follows:

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Number of contracts	29	-
Amount in Foreign currency	USD 1,700,000	-
Amount in India Rupees	Rs 80,501,000	-

15 SHORT TERM FINANCING

As at March 31, 2010, certain trade accounts receivables amounting to Rs 4,236,040 (previous year Rs 4,778,027) were factored with a financial institution to secure credit facilities for Mindteck Singapore Pte. Ltd. The interest rate on the factoring facility was 0.5% (previous year 0.65%) per annum above the prime lending rate in Singapore. The factoring facility with the financial institution is with recourse and accordingly the factoring liability and the underlying receivables have been disclosed on a gross basis in these consolidated financial statements.

- 16 Provision no longer required written back includes write-back of loans payable Rs Nil (previous year Rs 1,207,811), provision for debts no longer required Rs 134,831 (previous year Rs 13,447,195) and provision for other expenses no longer required Rs 525,680 (previous year Rs 3,397,145).
- 17 Depreciation for the year ended March 31, 2010 includes a provision for impairment of intangible assets to the extent of Rs 13,673,602. These assets pertain to web-based services for credit card merchant certification pursued by the Group in USA under the brand name "Simply PCI" which was discontinued in third quarter of FY 2009-10.
- 18 Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1 Name of the Subsidiary Company	Mindteck Inc	Mindteck Middle East Ltd.	Mindteck Software Malaysia SDN BDH	Mindteck BPO Services Pvt Ltd	Mindteck Singapore Pte. Ltd.	Mindteck UK Ltd.	Chendle Holdings Ltd.	Mindteck Germany GmbH	Mindteck Netherlands B.V.
2 Financial year of the subsidiary ended on	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010	31st March 2010
3 Date from which it became a subsidiary	1st February 2008	12th July 2005	22nd December 2005	21st February 2006	1st April 2008	1st April 2008	1st April 2008	1st April 2008	17th October 2008
4 Shares of the subsidiary held by the company on the above date									
a) Number and Face Value	19,000 Shares of USD 1 each (Note 1)	500 Shares of BD 100 each	250,000 Shares of RM 1 each	50,000 Shares of Rs.10 each	1,310,500 Share of SD 1 each	968,408 shares of GBP 1 each	2 Shares of USD 1 each	25,000 Shares of Euro 1 each	180 Share of Euros 100 each (Note 2)
b) Extend of holding	100%	100%	100%	100%	100%	100%	100%	100%	100%
5 Net aggregate amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the company									
a) Dealt with in the accounts of the company for the year ended 31st March 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the accounts of the company for the year ended 31st March 2010	Profit 352.69	Profit 37.22	Profit 37.25	Loss 5.00	Loss 102.00	Loss 144.58	Nil	Loss 7.23	Loss 37.77
6 Net aggregating amount of profits/(losses) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the company									
a) Dealt with in the accounts of the company for the year ended 31st March 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the accounts of the company for the year ended 31st March 2010	Loss 768.25	Profit 45.14	Profit 2.15	Loss 5.00	Loss 26.54	Loss 96.65	Nil	Loss 5.54	Profit 1.66
7 Conversion rates used for translating the									
a) Profit and Loss account	47.74	127.28	13.83	1.00	33.45	76.20	127.28	67.47	67.47
b) Balance Sheet	45.03	120.03	13.79	1.00	32.20	67.87	120.03	60.59	60.59

Note 1: Includes shares held through Chendle Holding Ltd.

Note 2: Shares held through Mindteck UK Limited

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Rs. in lakhs

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed dividend
Mindteck Inc	8.20	-374.20	1,731.82	1,731.82	Nil	20,229.66	549.10	196.41	352.69	Nil
Mindteck Middle East Ltd.	57.51	-77.83	72.00	72.00	Nil	347.23	37.22	Nil	37.22	Nil
Mindteck Software Malaysia SDN BDH	30.16	2.15	32.31	32.31	Nil	341.68	37.25	Nil	37.25	Nil
Mindteck BPO Services Pvt Ltd	5.00	-5.00	0.00	0.00	Nil	0.00	-5.00	Nil	-5.00	Nil
Mindteck Singapore Pte. Ltd.	380.47	86.74	509.58	509.58	Nil	1,093.47	-112.12	-10.12	-102.00	Nil
Mindteck UK Ltd.	772.07	-979.21	-207.14	-207.14	24.37	1,412.72	-144.58	Nil	-144.58	Nil
Chendle Holdings Ltd.	0.001	Nil	200.30	200.30	200.30	Nil	Nil	Nil	Nil	Nil
Mindteck Germany GmbH	16.22	-5.54	56.18	56.18	Nil	36.86	-7.23	Nil	-7.23	Nil
Mindteck Netherlands B.V.	10.41	-1.66	25.90	25.90	Nil	103.41	-37.77	Nil	-37.77	Nil

for Mindteck (India) Limited

Guhan Subramaniam
Chairman

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 17, 2010

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the NINETEENTH ANNUAL GENERAL MEETING of the Members of Mindteck (India) Limited will be held on Wednesday, August 11, 2010 at 4.00 pm at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2010 and the Profit & Loss Account for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vivek Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

RESOLVED that M/s BSR & Company, Chartered Accountants be and are hereby appointed as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company. RESOLVED FURTHER that the Board of Directors or Committee thereof be and are hereby authorized to determine the remuneration of the auditors and the manner of its payment.

AS SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT the consent of the Company be and is hereby granted, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, from one or more body corporate including associate companies, bankers, private organization, assets management companies and other public financial institutions, by way of cash credit, Advances, fixed deposits or other loans, whether unsecured or secured by mortgage, charge, hypothecation or pledge of the company's assets, movable or immovable, present or future wherever situate, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding Rs. 100 crores, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

"RESOLVED THAT the consent of the Company be and is hereby granted, in accordance with Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge, in addition to the mortgages and/or charges created/to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board

may determine, all or any of the movable and /or immovable, tangible and/or intangible properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on pre-payment, remuneration of agent(s)/ trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation /fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed or any other document entered into/to be entered into between the Company and the lender(s)/agent(s)/ trustees, in respect of the said loans/ borrowings/ debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/ agent(s)/trustee(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid and also to delegate all or any of the above powers to the Managing Director & CEO or Group CFO of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of any body corporate, including subsidiary companies, units of mutual funds, fixed deposit, liquid assets, debt instruments any other similar mode of investment in proportion thereof, up to a limit not exceeding Rs.100 crores over and above such percentage of the aggregate of the subscribed capital and free reserves of the company, notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to

and/or securities so far acquired or to be acquired in all bodies corporate, including subsidiaries.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Managing Director & CEO or the Group CFO of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, the consent of the company be and is hereby given for payment of remuneration to non-executive and/or independent Directors of the company during their tenure as follows:

- (a) Sitting fees: A sitting fee of Rs. 20,000 for every Board Meeting attended by the non-executive and/ or Independent Director and Rs. 10,000 for attending the Committee meetings. However the Board of directors or Committee thereof is authorized to revise the sitting fees from time to time within the limits prescribed under the Companies Act, 1956 and Amendment thereof.
- (b) Compensation to Directors other than whole time Directors: An aggregate sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956. The Board of Directors and Committee thereof be and is hereby authorized to fix the actual compensation and the structure of compensation to the non-executive and/or independent Directors from time to time, in its absolute discretion within the ceiling prescribed under the Act and as approved by the shareholders. However if the compensation exceeds the ceiling prescribed under the Act or amendment thereof, the same shall be paid after obtaining necessary approvals from the Central Government.
- (c) Stock Options: The Board of Directors and the Committee thereof be and is hereby authorized to determine the stock options that may be granted to the directors including non executive and /or independent Directors, under Employee Stock Option Plans approved by the shareholders of the Company, from time to time within the limits prescribed under scheme and amendments thereon, if any.

BY ORDER OF THE BOARD
For Mindteck (India) Limited

Usha T N
VP, Legal & Company Secretary

Registered Office:
16/3, Cambridge Road,
Ulsoor, Bangalore 560008.

July 2, 2010

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. Corporate members are requested to send a duly certified copy of the board resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. A blank Attendance Slip is annexed to the Proxy Form. Members/ proxies are requested to fill in their particulars on the attendance slip, affix their signature in the appropriate place and hand it to Company's officials/Registrars at the entrance of the meeting venue.
5. Pursuant to Section 154 of Companies Act, the Registrar of Members and Share Transfer Books will be closed from Monday, August 2, 2010 to Wednesday, August 11, 2010, (both days inclusive), for the purposes of Annual General Meeting.
6. The Register of Directors' shareholding maintained by the Company under Section 307 and 301 of the Companies Act, 1956, will be available for inspection by the members at the said AGM.
7. The Register of Contracts maintained by the Company under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
8. Members (those holding shares in the physical form only) are requested to intimate change of address, if any, to the Company's Registrars, M/s Mondkar Computers Pvt. Ltd. at 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093. Contact No. 022-28366620, 28257641, Fax No. 022 -28207207.
9. Members intending to seek explanation/clarification/copy of any document at the meeting about the information contained in Annual Report are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
10. Pursuant to provisos of Section 205A(5) of the Companies Act, 1956 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education and Protection Fund' constituted by the Central Government. As such, if any member(s) have not yet encashed his/her dividends for the previous years, please write to the Company Registrars for claiming outstanding dividends declared.
11. As per the Circular No. MRD/Dop/Cir-5/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Company Registrars.
12. Corporate members intending to depute their authorized representatives to attend the AGM are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote in the meeting on behalf of their company.

ANNEXURE TO THE NOTICE

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE- APPOINTMENT OF DIRECTOR

Item No. 2 – Re-Appointment of Mr. Vivek Malhotra as Director of the Company

Details of Directors to be re-appointed at the Annual General Meeting to be held on August 11, 2010.

Name of the Director	Mr. Vivek Malhotra
Date of Appointment / Last Re-appointment	09/02/2007 and reappointed on 11/9/2009
Brief Resume and nature of expertise in specific functional areas	Mr. Vivek Malhotra, aged 46, is a qualified Chartered Accountant. Mr. Malhotra is currently working as Managing Director of Population Health Services (India), which is an affiliate of Marie Stopes International. He has significant international experience of working in various positions in Kenya, Zambia, Tanzania, Sudan, Sri Lanka, Nepal and Uganda in the course of his career at PHS. He has worked in liaison with organizations such as USAID, DFID, UN, PSI, KfW, World Bank and the Ministry of Health, and John Hopkins University Centre for communications program.
Date of Birth	17/12/1963
List of other Indian Companies in which directorship is held	Population Health Services (India).
Chairman / Member of the Committee(s) of Board of Directors of the Company	He is the Chairman of Audit Committee and is a member of Shareholders' Grievances Committee.
Chairman / Member of the Committee(s) of Board of Directors of other companies in which he is a Director	
a) Audit Committee	
b) Share Transfer and Investor Grievance Committee	Nil
Shareholding in the Company	
(Equity Shares of Rs.10 each)	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4 – Power to borrow Loans:

The increasing business operations and future growth plans of the Company necessitate restructuring of the borrowing and investment limits by authorizing the Board of Directors to borrow monies and invest the funds for global business expansion, acquisition of company (ies) / products either in India or overseas and for other growth initiatives to maximize the shareholders returns. As per the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders, borrow monies in excess of the limits set out therein.

The Company proposes to enhance the powers of the Board to borrow the funds for the purposes of investing in business expansions and for other business needs. It is also proposed to empower the Board to create charges on the properties of the Company or issuing further securities for the purpose of raising such funds.

Item No. 4 is recommended for shareholders' approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 5 –Power to make Investments and Loans

As per the provisions of Section 372A of the Companies Act, 1956, a company cannot, except with the permission of the Shareholders, make investment, give loan or guarantee or provide any security in excess of the limits set out therein.

The Company proposes to enhance the powers of the Board to invest in different business ventures either directly or through subsidiaries, for expansion purposes.

Item No. 5 is recommended for shareholders' approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 6 – Compensation to Non Executive and/or Independent directors

The Company proposes to remunerate the non-executive and/or independent directors, for the increased responsibilities entrusted upon them under the law, to commensurate with the time devoted and contribution by the Directors, by way of compensation payable annually as applicable under the provisions of Companies Act, 1956 from time to time besides the sitting fees. Also it is proposed to grant options under the ESOP scheme approved by the Shareholders.

The Board of directors at their meeting held on May 17, have approved, subject to shareholders and other necessary statutory approvals, payment of commission to independent and non executive directors as decided by the Board from time to time and the aggregate of such commission paid to all Non executive/ Independent Directors not exceeding 1% net profit of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956.

None of the Directors of the Company, other than director to the extent of his remuneration is deemed to be interested or concerned in the above resolution.

The Board recommends the resolution set forth in the Item No. 6 for the approval of the members.

BY ORDER OF THE BOARD
For Mindteck (India) Limited

Usha T N
VP, Legal & Company Secretary

Registered Office:
16/3, Cambridge Road,
Ulsoor, Bangalore 560008.

July 2, 2010

MINDTECK (INDIA) LIMITED

Registered Office: 16/3, Cambridge Road, Ulsoor, Bangalore 560 008.

ATTENDANCE SLIP

Please complete this Attendance Slip in all respects and hand it over at the entrance of the meeting hall.

REGD. FOLIO NO./CLIENT ID:

DP ID NO:

NAME:

ADDRESS:

I hereby record my presence at the Nineteenth Annual General Meeting of the Company.

Venue: Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042.

Date: August 11, 2010 at 4 p.m.

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)

SIGNATURE OF THE SHAREHOLDER OR PROXY

Note :

A Proxy attending on behalf of the Member(s) shall write the name of the Member(s) from whom he holds Proxy.

MINDTECK (INDIA) LIMITED

Registered Office: 16/3, Cambridge Road, Ulsoor, Bangalore 560 008.

PROXY FORM

I/We of
in the district of being a Member/Members of the above named Company, hereby appoint
Mr./Mrs. of in the district to or failing him/her,
Mr./Mrs. of in the district as my/our proxy to attend
and vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Wednesday,
August 11, 2010 at 4 p.m. at Redwood, Hotel Royal Orchid Central, 47/1, Dickenson Road, Manipal Centre, Bangalore 560 042 and
at any adjournment thereof.

Signed this day of 2010.

Reg. Folio / Client ID No.:

DP ID No.:

No. of shares:

Signature:.....

Affix
Re. One
Revenue
Stamp

Note: The proxy form duly signed across the revenue stamp of One Rupee must reach the Company's Registered Office not less than 48 hours before the time of the meeting.

India

16/3, Cambridge Road
Bangalore 560 008
INDIA
Tel: 91 80 41548000
Fax: 91 80 41125813

United States

1828 Good Hope Road
Suite 201
Enola, PA 17025
Tel: 1 717 732 2211
Fax: 1 717 732 2927

United Kingdom

Suite1.4, Knight House
29-31 East Barnet Road
New Barnet
Greater London
EN48RN
Tel: 44 (0) 20 8275 5404

Singapore

7 Keppel Road
#03-52/53 PSA Tanjong
Pagar Complex
Singapore 089053
Tel: 65 62254516, 63720067
Fax: 65 62254517

Malaysia

AB 19, MSC Central
Incubator-Accelerator
Cyberjaya 63000
Selangor, Malaysia
Tel: 603 8313 8060
Fax: 603 8313 8027

Bahrain

3rd Floor, Sehl Centre
Diplomatic Area
PO Box 10795, Manama
Kingdom of Bahrain
Tel: 973 17 534469
Fax: 973 17 536332