

Partners in Value Creation



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

Universal Capital Securities Private Limited

(Formerly 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

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Bangalore-560008

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*Ceased to be a director and chairman with effect from May 26, 2010



Letter to Shareholders

Dear Shareholder,

I am pleased to share with you our organization's journey through the exciting fiscal year of 2010-11.

The year gone by was a year of recovery for us with our revenues touching Rs. 2408.67 million (USD 53 million), recording an 11% growth while profitability increased from Rs. 33.52 million (USD 0.7 million) to Rs. 91.44 million (USD 2 million), showing an increase of 173%.

We are living in exciting times where technology is penetrating every part of our life. It is transforming the way business is done, and raising expectations from technology partners like us. Our clients are now looking at business automation solutions through innovative delivery models that take them closer to realizing their business objectives. Competition is intensifying, but quality of delivery and ability to match steps with the Client's vision are parameters that are winning over a lower bid. In such a scenario we need to continually innovate our approach and position our niche capabilities well in the market.

Vision, Values, Vertical Focus

The last fiscal saw us begin our journey into the next phase of organizational evolution – Mindteck 2.0; a strong competitor focused in its vision and firm on its value propositions. A well defined vertical strategy backed by our experience and expertise has brought us closer to our Clients' needs, while giving us a distinct edge against our competition. On analyzing market potential, current industry trends and our core capabilities, we found we should focus on Smart

Energy, Life Sciences and BFSI as specific verticals with Semiconductors and Public Sector that have been our areas of traditional strength continuing to receive due attention. Our services portfolio also got refreshed with strengthened focus on aligning our offerings to industry requirements. The efforts bore fruit and a significant amount of new business was acquired with this approach.

Vigor, Vitality, Versatility

While we aligned our business approach to market trends, we also looked inward and brought in newer and more innovative ways to connect with our people worldwide. A methodical communication plan was executed to internalize the realignment strategy across all levels. Mindteck 2.0 brought in a renewed rigor in Mindteckians who worked with passion to deliver value beyond brief to the Clients across services and verticals. We stressed on adopting and inculcating best people practices, offering our colleagues the opportunities to learn and grow with the organization. Processes were put in place for proper appraisals and rewards. There was also a good amount of fun infused in our work environment adding to the vigor and vitality of our teams.

Validation, Veracity, Victory

We have always prided ourselves in delivering superior value to our customers. As part of Mindteck 2.0, our motto is to ensure our customers appreciate and validate the effort put in by our teams. Our niche positioning is vouched for by industry recognitions that came our way last year. For the third consecutive year, we were ranked among the Deloitte

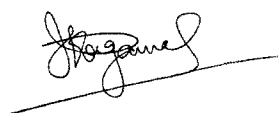
Technology Fast 50 in India and Deloitte Technology Fast 500 companies in Asia, by Deloitte Touche Tohmatsu India Private Limited. This award recognizes the region's fastest growing and dynamic technology companies. We have also been chosen to be a part of the coveted Intel Design House Program (IDHP) that is open to only twenty organizations worldwide.

At Mindteck the focus is always on the new technologies on the horizon. In order to stay ahead, we have invested in Centers of Excellence wherein we are developing scalable, reusable and repeatable solutions through incubative, iterative and innovative frameworks. In order to strengthen our operations and build excellence in our delivery we have constituted a number of task forces to recommend improvement in various functions including Customer Centricity, Project Management and Quality. Through the next fiscal year these recommendations would be gathered and applied.

While we strive for customer delight we also place great importance on Corporate Governance. Towards this, we

have put in place a process for a transparent and responsive governance model. Trust and veracity is what we value most. Our veracity of purpose and dedication to creating value for you, our shareholders, is a force that has seen us emerge victorious over many challenges and we are determined to build on this trust.

I'd like to thank all our customers, partners, employees and shareholders for their constant support and commitment that has helped shape the company. We continue to remain strongly focused on our clients and their requirements as we strive towards generating value for them as well as for our shareholders, while gearing up for the future.

A handwritten signature in black ink, appearing to read 'Pankaj Agarwal', written over a horizontal line.

Pankaj Agarwal

Managing Director & CEO



Value

"Strive not to be a success, but rather to be of value."

– Albert Einstein



Vision

"Leadership is the capacity to translate vision into reality".

– Warren G. Bennis

DIRECTORS' REPORT

To the Members,

The Directors hereby present the Twentieth Annual Report on our business and operations for the year ended March 31, 2011.

1. Results of Operation

Rs. in million

	Standalone		Consolidated	
	Year ended 31-Mar-11	Year ended 31-Mar-10	Year ended 31-Mar-11	Year ended 31-Mar-10
Sales	542.09	459.53	2,408.67	2,265.40
Other income	22.20	36.06	48.14	38.09
Manpower cost	314.23	261.34	2,031.36	1,893.44
Operating and Admin expenses	176.81	193.43	284.01	304.79
Profit before interest and depreciation	73.25	40.82	141.44	105.26
Interest	1.35	3.48	3.75	7.13
Depreciation	13.17	13.97	23.85	40.57
Profit before tax	58.73	23.37	113.84	57.56
Tax	1.51	5.10	22.40	24.04
Net Profit after Tax	57.22	18.27	91.44	33.52
Paid-up Equity Share Capital	243.49	243.48	243.49	243.48
Earnings per share (EPS)	2.35	0.75	3.76	1.38

2. Business

During the year under review, your Company recorded consolidated revenues of Rs. 2,408.67 million as against Rs. 2,265.40 million in the previous year, registering a growth of 6% in revenues. In US Dollar terms, the revenue actually grew by 11%. The Rupee revenues indicate a lesser rate of growth due to Rupee appreciation against the US dollar. Of the revenues that were recorded, 86% is attributed to the US and the rest to Europe and Asia.

Mindteck's net profit for the year stood at Rs. 91.44 million, as against Rs. 33.52 million in the corresponding previous year, registering an increase of 173%.

At an operating margin level, Mindteck recorded EBIDTA (including other income) of Rs 141.44 million this fiscal as against Rs.105.26 million last year. While the Company did not face significant pricing challenges with customers, costs of operation, particularly people costs recorded sharp increases owing to the need to engage and retain valuable talent in an attrition intensive environment. Your Company made amends by controlling the fixed overhead costs appreciably, as a result of which we saw operating expenses decline by 7% while revenue increased 11%.

The year also saw Mindteck become debt free by the end of the year and the interest cost was brought down to insignificant levels through negotiations with bankers and switch in the borrowing currency.

The year under review has seen renewed growth along with increased revenues and profits. A revised business strategy, Mindteck 2.0, was launched with a clear focus on industry verticals and services. In order to aid future growth, Mindteck has made significant investments in building domain expertise through our Centers of Excellence, to provide technical advantage over our competition and help our clients stay on the cutting edge in their businesses.

Mindteck also re-aligned its processes, updated its services, structured the organization, enhanced technology offerings, and sharpened business focus on chosen industry verticals and services in which we have a strong presence, to deliver higher value to its customers.

3. Business Transformation – Mindteck 2.0

Mindteck embarked on an exciting and inspiring journey this year into the next phase of business growth, branding and becoming the preferred employer for our employees, with the objective of being able to differentiate our offerings, increase employee engagement through more communicative and vibrant leadership and transparency coupled with good corporate governance.

As a part of the Mindteck 2.0 campaign, our chosen industry verticals are:

Life Sciences: Mindteck has over the years gained rich experience in the Analytical Instruments and Medical Devices domains. We will now look at further strengthening our offerings in the biotechnology space in the days to come.

BFSI: Mindteck has picked up some niche focus working with Independent Software Vendors (ISVs) in our offerings around Governance, Risk and Compliance in the financial sector. We are also developing our expertise in Hedge Funds and E-payments as part of our growth plan in this industry.

Smart Energy: We have strong expertise and some marquee clients in Smart Energy space. Our knowledge of embedded and wireless technologies, and also, being a Zigbee partner, has given us a strong edge in Smart Grid Ecosystem solutions.

Public Sector: Our growth in Public Sector vertical in USA has grown over the years. We would continue to explore business opportunities in the government sector and try to leverage this experience to expand in other regions that we operate in.

4. Centers of Excellence

Mindteck developed Centers of Excellence in the areas of Storage, Enterprise Mobility, Microsoft Technologies and Cloud Computing, to build scalable solutions through our incubative, innovative and iterative approach to business challenges of our customers. These centers reflect the deep technology expertise and domain strength and are aimed at offering end to end services to the clients across geographies.

5. Quality

Mindteck has various international Quality Certifications like ISO 9001:2008, ISO 13485:2003 for Medical domain, ISO 27001:2005 for ISMS (information security management system), and CMMI Ver 1.2 Level 5. Currently we are in the process of re-assessment for CMMI Ver 1.3 Level 5 - a new version released by SEI.

6. Infrastructure

Mindteck has development centers across the globe, USA, Malaysia, and India, equipped with laboratories for R&D as well. This infrastructure includes space for workstations, conference rooms, meeting rooms and labs. In addition, Mindteck has added world-class communication infrastructure to support our customers. This includes inter-office data links, internet access links, customer specific data links and dedicated data/voice links. We have several offices around the globe to have a better reach to our clients. The innovative 'best shore delivery model' has provided our customers with a mix of on-site, offshore, offshore-onsite and other hybrid delivery options across geographies, for a faster and quality delivery of services.

7. Subsidiaries

As on March 31, 2011, Mindteck has six wholly-owned subsidiaries: Mindteck, Inc. (USA), Mindteck Middle-East SPC (Bahrain), Mindteck Software Malaysia Sdn Bhd (Malaysia), Mindteck Singapore Pte Ltd. (Singapore), Mindteck UK Limited (U.K.), and Chendle Holdings Limited (British Virgin Islands). Mindteck UK Limited has two subsidiaries – Mindteck Germany GmbH (Germany) and Mindteck Netherlands B.V. (Netherlands). A non-operative subsidiary, Mindteck BPO Services Private Ltd. (India) has been dissolved effective April 6, 2011.

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. 47/33/2011-CL-III dated 21.01.2011, the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956. Accordingly, the Annual Report for 2010-11 does not contain the financial statements of our subsidiaries. All information as directed by the Ministry of Corporate Affairs has been disclosed in the abstract which forms part of this Annual Report. The consolidated financials have been prepared and audited in compliance with Accounting Standards and Listing Agreement as prescribed by SEBI, and forms part of the Annual Report for 2010-2011. Also, financial highlights of subsidiaries have been disclosed along with consolidated financials.

Further, the annual accounts of the subsidiary companies and the related detailed information will be made available to investors of Mindteck, 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 investor at Mindteck's registered office and that of the respective subsidiary companies. We shall furnish a hard copy of the accounts of subsidiaries to any shareholder on demand and softcopy of accounts would be available on our website www.mindteck.com. The holding, as well as subsidiary companies, will regularly file the applicable data to the various regulatory and government authorities, if required.

8. Awards and Recognition

For the third consecutive year, Mindteck bagged a rank in the prestigious Deloitte Fast 500 Asia Pacific 2010 and in the Fast 50 India Award 2010. These rankings were based on the percentage revenue growth over three years.

9. Litigation

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

10. Changes to Share Capital

During the year, Mindteck issued 1,000 shares on the exercise of stock options under the Employee Stock Option Plan, 2005. As a result of this, the outstanding issued, subscribed and paid up equity share increased from 24,764,593 to 24,765,593 as at March 31, 2011.

11. Board Committees

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

12. 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 2010-11. No amount has been transferred to General Reserve during the year.

13. Fixed Deposits

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

14. Directors

As per Article 112 of the Articles of Association, Mr. Indresh Narain retires by rotation as Director in the coming Annual General Meeting and, being eligible, offers himself for re-appointment. A brief resume of Mr. Indresh Narain is included in the notice for the Annual General Meeting.

Mr. Guhan Subramaniam has resigned as Chairman and member of the Board, effective May 26, 2010. The members of the Board have placed on record their deep sense of appreciation for the valuable services rendered by Mr. Guhan Subramaniam during his tenure as Chairman and member of the Board.

15. 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.

16. 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.

17. Management Discussion and Analysis

The Management Discussion and Analysis is attached to this report.

18. 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 Companies Amendment Act 2000 in respect to the financial statements, is annexed to this report.

19. Particulars of Employees

No employees come under the category of being reported under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and as amended therein by Ministry of Corporate Affairs notification dated March 31, 2011.

20. Human Resource Management

Mindteck believes in providing fair compensation and prosperity to Mindteckians in keeping with Company performance and growth. We are an open and interactive organization and believe in active communication and feedback through regular interactive sessions between management and employees. Several 'fun at work' initiatives are part of the culture at Mindteck to enhance workplace satisfaction.

21. Mindteck Employee Stock Option Schemes

Mindteck believes in the policy of enabling Mindteckians, 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. The Company has two Employee Stock Options Schemes viz. Mindteck Employee Stock Option Scheme 2005 and Mindteck Employee Stock Option Scheme 2008.

Mindteck Employee Stock Option Scheme 2005

During the year ended March 31, 2011, under Employee Stock Option Scheme 2005, the Company granted 10,200 options on November 10, 2010 at an exercise price of Rs.40.40 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 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.

Mindteck Employee Stock Option Scheme 2008

No options have been granted under the Option Scheme 2008.

22. 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.

23. 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, 2011, 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.

24. CSR Initiatives

Mindteck aims to be a good corporate citizen in the communities and subscribes to the philosophy of compassion and care. We are committed to raise the quality of life and social well-being of communities where we operate. All CSR projects, be it education, welfare, health, etc are identified by the organization gauging their basic needs. Mindteck believes in basic education in the society and bringing about a social change in various aspects of humanity like traffic awareness, hygiene, upholding of ethos, espouse basic moral values and such other fundamental values. This is the cornerstone of our CSR policy.

25. Acknowledgements

The Directors place on record their appreciation of co-operation and continued support extended by customers, shareholders, vendors, investors, bankers, the Government, 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: August 11, 2011

Pankaj Agarwal **Indresh Narain**

Managing Director & CEO

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, 2011 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 DISCLOSURES AS PER SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE SHARE PURCHASE SCHEME) GUIDELINES 1999

	Mindteck ESOP, 2005
a) Options granted during the year	10,200
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 beginning of the year	310,567
d) Options exercised during the year	1,000
e) Total no. of shares arising out of exercise of options	1,000
f) Options lapsed/forfeited during the year	150,900
g) Variation of terms of options	-
h) Money realized by exercise of options	27,350
i) Options exercisable at the end of the year	139,334
j) Total no. of options in force	168,867
k) Employee wise details of options granted to:	
(i) Senior Mgt. Personnel	Chetan Shinde, VP -HR :10,200
(ii) Any other employee(s) in receipt of grant in excess of 5% of options granted during the year	Nil
(iii) Employee(s) in receipt of grant in excess of 1% of issued capital as on the date of the grant	Nil
l) Diluted EPS pursuant to issue of shares calculated in accordance with AS 20	Rs 2.33 per share
m) 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, 2011 would have been Rs 57,377,611 (previous year Rs 18,015,960) i.e. higher by Rs 155,606 (previous year lower by Rs 248,676) and the basic and diluted EPS for the year would have been Rs 2.36 and Rs 2.33 (previous year Rs 0.74 and Rs 0.73) respectively.
n) Weighted average	
- exercise price of options exercised during the year	Rs 27.50 per option
- fair value of options exercised during the year	Rs 27.35 per option
o) 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 %.

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

1 Conservation of Energy

The Company has been conscious of its carbon footprint and has been working to effectively reduce the same in every manner possible. Various initiatives have been taken by the Company to ensure that consumption of energy is at minimal levels in our operations.

Power Conservation:

Mindteck has been vigilant in its power saving initiatives, and has been effectively working to reduce its power conservation across all premises. The steps taken are as follows:

- Monitors are turned off by the employees before leaving for the day. Desktops and laptops hibernate when not in use for more than ten minutes.
- The staff ensures that lights are switched off when employees are not in office.
- Air conditioners are switched off in the evenings and during the weekends.
- The premises is planned so as to allow effective use of sunlight and thus reduce the need for lights during the day.
- Within the premises, diesel generator sets are used only in case of extreme necessity, and are well maintained to increase efficiency, resulting in less wastage of fuel.

Waste Management:

Mindteck believes in the least possible level of waste accumulation by ensuring effective disposal and recycling of the Company's wastes. The steps taken are:

- We operate on the policy "paper free office", and storage is encouraged in digital format, rather than on paper.
- In spite of the above, all paper waste and shredded paper is sent to a recycling agent. This includes carton boxes and packing materials.
- Separate dustbins are used to segregate bio-degradable and non bio-degradable wastes to effectively process their disposal mechanism.
- Food wastes are picked up by organic manure manufacturers.
- STP is set up in the premises to ensure the usage of treated water for common area cleaning and gardening.
- All e-wastes are disposed and recycled through e-waste recycling agencies.

2 Technology Absorption and Research and Development

Technology initiative, benefits derived and future plan of action:

Mindteck has been actively involved in technology absorption in several areas supported by active in-house R&D activities.

The Company has several in-house labs and dedicated research personnel in its Bangalore and Kolkata centers. This includes Smart Energy Laboratory, R&D Laboratory for chemical testing & software benchmarking, Storage Laboratory, Wireless Sensor Network Laboratory, and Electronic Design Laboratory.

During the reporting year, Mindteck was involved in several new and innovative projects and also enhanced its service offerings to new areas of industrial applications. This includes:

Intelligent Street Lighting Solution

Mindteck conceptualized and developed an innovative end to end Intelligent Street Lighting Solution for a large UK based utility system integrator. This solution when integrated with street lights resulted in 30-40% energy savings upon a large installed base of 200,000 street lights. The solution consisted of an intelligent lighting controller driving a dimmable lighting ballast, having ZigBee wireless capability to receive wireless commands from base station and report energy consumption status using mesh network, base station controller and NOC software.

Solar Power Generation Monitoring Solution

Mindteck's innovative ZigBee based inverter communication modules enabled New Jersey based Solar Power generation system integrator to meter and monitor the solar energy fed into the city electricity grid from solar panels mounted on street lighting poles. The solution was rolled out to an installed base of 45000 units all over state of New Jersey.

ZigBee IP communications stack and Smart Energy 2.0 profile development

Mindteck is investing on development of next generation smart grid communications stack – ZigBee IP and Smart Energy 2.0 profile as part of its productized solutions targeting Smart Grid communications segment. Once the standards get ratified by ZigBee Alliance later this year, Mindteck would be one of the few companies in the world in the services sector, providing next generation communication stack as a service to Semiconductor companies.

Life Sciences Projects

Mindteck has developed a qualification tool for a series of Gas Chromatographs that is extensively used in the pharmaceutical industry, amongst others. The projects involved extensive knowledge of analytical chemistry, method development and custom calculations to be incorporated in the automated tool.

Currently, Mindteck is actively involved in a complex integrated design of a next generation hardware platform for a control system. This project requires extensive absorption of modern electronic and mechanical design technologies.

Global players in Mindteck's focused industry verticals are witnessing a number of key technology trends such as convergence & mobility, cloud computing, adoption of energy efficient technologies, enterprise adoption of Web 2.0 etc., that are impacting their businesses. Mindteck has been actively monitoring these emerging trends of the industry

and is investing significantly in building new services, tools and platforms.

Mindteck has also setup the Microsoft Centre of Excellence ('CoE') focused on developing frameworks and IP around Microsoft technologies. Under this CoE Mindteck is developing solutions for Client Onboarding using SharePoint, Cloud solutions with Windows Azure, BI and reporting solutions using SQL Server and Custom management packs and dashboards for SCOM.

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:

Rs.

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Earnings	537,708,182	459,009,439
Expenditure	51,574,759	53,957,731

On behalf of the Board of Directors

Bangalore

Date: August 11, 2011

Pankaj Agarwal **Indresh Narain**

Managing Director & CEO

Director

CORPORATE GOVERNANCE

Mindteck (India) Limited ('Mindteck' or 'the Company') 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. At Mindteck, we believe in maintaining the highest standards of corporate governance, not only in form but also in substance.

Over the years, our 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. The corporate governance philosophy of the Company has been further strengthened with the adoption of policies like Charter and Code of Business Conduct and Ethics Policy, Whistle Blower Policy, Fair Labor Policy, CSR Policy, Confidential and IP Protection Policy, Information Security Policy, Code for prohibition of Insider Trading, etc.

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, a report containing the details of the governance system and processes at the Company is as under:

I COMPANY'S PHILOSOPHY ON 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 stakeholders' value while consistently observing the norms of Corporate Governance. The Management has institutionalized corporate governance at all levels within the Company in order to ensure transparency, good practices and a systems-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:

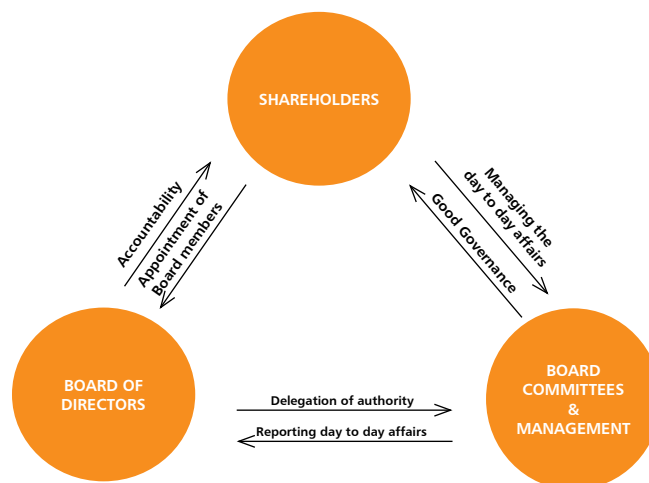
- (i) Constitution of the Board of the Company of appropriate composition, size and expertise.
- (ii) Ensuring the timely flow of information to the Board and its committees to enable them to discharge their functions effectively.

- (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. Transparency in our operations.
2. Maintaining prescribed levels of disclosure and 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 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 of Directors 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 of business targets and day to day management of the Company in line with the objectives and principles set by the Board.

A. GOVERNANCE BY THE BOARD OF DIRECTORS

Composition:

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the management serves and protects the long-term interests of all our stakeholders. 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, 2011 the Company has four Directors, of which three Directors are Non-Executive and Independent,

as defined in clause 49 of the Listing Agreement. The Managing Director & CEO manages the day to day affairs of the Company. The Board believes that the current size is appropriate, based on the present circumstances. The Board periodically evaluates the need for change in its composition and size.

None of the Directors on the Board hold directorships more than the statutory maximum limit as prescribed under the Act, clause 49 of the Listing Agreement and the Corporate Governance Voluntary Guidelines, 1999. Thus, none of the Directors on the Board are members of more than 10 Committees or act as Chairman of more than 5 Committees across all companies, in which they are Directors.

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

Director	Designation & Category	Age	Equity Shareholding	No. of Directorship*		Committees	
				Public	Private	Chairman	Member
Mr. Guhan Subramaniam**	Chairman, Independent, Non-Executive Director	57	Nil	3	-	-	-
Mr. Pankaj Agarwal	Managing Director & CEO	48	12,00,000 (4.85%)	-	6	-	-
Mr. Vivek Malhotra	Independent, Non-Executive Director	47	Nil	-	1	-	-
Mr. Indresh Narain	Independent Non-Executive Director	66	Nil	3	-	2	2
Mr. Javed Gaya	Independent, Non-Executive Director	55	Nil	1	7	1	-

* Excluding Directorship in Mindteck (India) Limited.

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

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. The process of selection of Independent Directors is rigorous, transparent and objective and is aligned to the needs of the Company. None of the Non-Executive/Independent Directors have any material pecuniary relationship or transactions with the Company. None of Non-Executive/Independent Directors has served on the Board for more than nine years.

Board's definition of Independent Directors:

The Company has defined the independence as stipulated under clause 49 of the Listing Agreement. Accordingly, an Independent Director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company, which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

Board Meetings:

The Board normally meets once in a quarter and additionally as and when required. The calendar of the Board meetings is decided in consultation with the Board 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 items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary.

The Board met four times in the financial year 2010-2011 on May 17, 2010, August 11, 2010, November 10, 2010 and February 11, 2011.

Remuneration:

During the year 2010-2011, no remuneration or sitting fee has been paid to Managing Director & CEO. The Company paid sitting fee of Rs 20,000 per meeting to its Non-Executive/Independent Directors for attending meetings of the Board and Rs 10,000 for attending Committee meetings.

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

Name of the Director	No. of Board Meetings during 2010-11		Whether attended last AGM held on Aug 11, 2010	Sitting fees for Board and Committee meetings
	Held	Attended		(in Rs.)
Mr. Guhan Subramaniam*	4	1	No	50,000
Mr. Pankaj Agarwal	4	4**	Yes	Nil
Mr. Vivek Malhotra	4	3	Yes	1,20,000
Mr. Indresh Narain	4	4	No	1,70,000
Mr. Javed Gaya	4	4	Yes	1,70,000

*Resigned as Chairman and Director of the Company with effect from May 26, 2010.

** Attended one meeting through teleconferencing.

Non-Executive/Independent Director's remuneration:

The members have, at the Annual General Meeting of the Company on August 11, 2010, approved the payment of commission to the Non-Executive/Independent Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. However, no commission has been paid to Non-Executive/Independent Directors of the Company during the current year. The amount of the said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/Independent Directors. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the Meetings.

Shares and options held by Non-Executive/Independent Directors:

None of the Non-Executive/Independent Directors hold shares or options in the Company.

Proceedings of Board Meetings:

The agenda items for the Board meetings are decided in advance in consultations with Managing Director, and circulated amongst the Board for their revision. Every Board member can suggest additional items for inclusion in the agenda. Managers who can provide additional insights into the items being discussed in the Board meetings are also invited for the Board meetings. The decisions taken at the Board meetings are promptly noted and communicated to all concerned departments.

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, other committees of the Board and 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 non-payment 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, if any.
- Significant labor 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, if any.

All the information to be provided to the Board as per Annexure-1A 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.

Recording minutes of proceedings at Board and Committee meetings:

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board/ Committee meetings for their comments. The minutes are entered in the minutes book immediately on approval and signed.

Post meeting follow up mechanism:

The important decisions taken at the Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action taken report on the decisions/ minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting and taking on record. Thus, an effective post meeting follow up, review and reporting of the decisions taken at the Board/ Committee meetings is ensured.

B. GOVERNANCE BY SUB-COMMITTEES OF THE BOARD OF DIRECTORS

Your Company has the following committees of Board of Directors:

- (i) Audit Committee
- (ii) HR and Compensation Committee
- (iii) Shareholders/Investors Grievance Committee
- (iv) Corporate Governance Committee
- (v) Administrative Committee

(i) Audit Committee

The Company's Board has constituted an Audit Committee pursuant to the provisions of the Companies Act, 1956 which has all the necessary features as required by the Listing Agreement.

(a) Composition:

Vivek Malhotra	- Chairman (Independent Director)
Indresh Narain	- Independent Director
Javed Gaya*	- Independent Director
Guhan Subramaniam**	- Independent Director

*Appointed with effect from July 2, 2010

**Resigned with effect from May 26, 2010

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

(b) Objective/Powers: Powers of 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 and reasons for the same.
 - 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 conditions and results of operations.
 - Director's responsibility statement.
- (iv) Review with management, the statement of uses/ application of funds raised through an issue (ie. Public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer documents/prospectus/ notice and the report submitted by the monitoring agency which monitors the utilization of proceeds of the public/rights issue as well as recommend to the Board the steps to be taken in this regard.
- (v) Review the adequacy of internal control systems and review internal audit reports, management letters relating to internal control weaknesses, if any.
- (vi) 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.
- (vii) Discussion, reviewing and follow up 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.
- (viii) Discussions with external auditors before the audit commences, about nature and scope of audit as well as have post-audit discussions to ascertain any areas of concern.

- (ix) 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.
 - (x) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors and monitor utilization of funds raised through public and preferential issues.
 - (xi) Review the functioning of the Whistle Blower mechanism established in the Company.
 - (xii) Approve the appointment of the CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing his qualifications, experience & background.
 - (xiii) 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 Company at large and periodically review minutes of subsidiary companies.
 - (xiv) Any other matter referred to the Audit Committee by the Board of Directors of the Company.
- (d) **Meetings:** The Audit Committee meeting was conducted four times during the year, i.e. on May 17, 2010, August 11, 2010, November 10, 2010 and February 11, 2011. 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 Audit Committee meetings held during the year, are given below:

Members	No of meetings	
	Held	Attended
Mr. Vivek Malhotra, Chairman	4	3
Mr. Guhan Subramaniam*	4	1
Mr. Indresh Narain	4	4
Mr. Javed Gaya**	4	3

*Resigned as Member with effect from May 26, 2010

** Appointed as the member of the Audit Committee with effect from July 2, 2010

(ii) HR & Compensation Committee

(a) Composition:

- Javed Gaya - Chairman (Independent Director)
- Pankaj Agarwal - Managing Director & CEO
- Guhan Subramaniam*- Independent Director

*Resigned with effect from May 26, 2010

- (b) **Powers/Roles:** 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/Independent 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 CG Voluntary Guidelines, no separate Nomination Committee has been constituted by the Company.

- (c) **Meetings:** The Committee held two meetings during the year, i.e. on May 17, 2010 and November 10, 2010.

Attendance Record in HR & Compensation Committee meetings held during the year, are given below:

Members	No of meetings	
	Held	Attended
Mr. Guhan Subramaniam*	2	1
Mr. Javed Gaya**	2	2
Mr. Pankaj Agarwal	2	2

*Ceased to be a member w.e.f. May 26, 2010

** Appointed as Chairman of the Committee w.e.f. May 26, 2010

(iii) Shareholders/Investors Grievance Committee

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.

(a) Composition:

- Javed Gaya - Chairman (Independent Director)
- Indresh Narain - Independent Director
- Vivek Malhotra - Independent Director

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

- (b) **Objective/Powers:** The Shareholders/Investors Grievance 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. Universal Capital Securities 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.

- (c) **Meetings:** The Committee met four times during the year, i.e. on May 17, 2010, August 11, 2010, November 10, 2010 and February 11, 2011. 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, are given below:

Members	No of meetings	
	Held	Attended
Mr. Javed Gaya	4	4
Mr. Vivek Malhotra	4	3
Mr. Indresh Narain	4	4

Report of Investor Complaints received and disposed off during year ended March 31, 2011:

	No. of cases outstanding as on April 1, 2010	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2011
No. of Investor issues	Nil	4	4	Nil
No. of legal cases	Nil	Nil	Nil	Nil

There were no outstanding complaints pending for more than 15 days. There were no cases, which were not solved to the satisfaction of the shareholders.

(iv) Corporate Governance Committee

(a) Composition:

Indresh Narain - Chairman (Independent Director)
Pankaj Agarwal - Managing Director & CEO
Guhan Subramaniam* - Independent Director
*Resigned with effect from May 26, 2010

- (b) **Objective:** Objective of the Committee is 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 increased value to stakeholders.

(c) Terms of reference of the Corporate Governance Committee:

- Review Board/Corporate Codes and make suitable recommendations to the Board from time to time.
- Oversee Corporate Social Responsibility and Sustainability related issues.
- Review the Structure/Charters of other Board Committees and make suitable recommendations to the Board from time to time.
- Recommend best practices and standards in any particular area to the Board of Directors as per its mandate.

- (d) **Meetings:** During the year the Committee met on 17th May, 2010 and all members were present.

(v) Administrative Committee

(a) Composition:

Indresh Narain - Chairman (Independent Director)
Pankaj Agarwal - Managing Director & CEO

- (b) **Objective:** Objectives of the Committee is 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 stand to be cancelled.

- (c) **Terms of reference of the Administrative Committee:** The Administrative Committee is authorized to pass resolutions either at a meeting or through circular resolution relating to normal business transactions and such transactions include, but are not limited to:

- Appointment and authorization of employees of the Company for the conduct of the day to day transactions.
- Raise loans and cash credits for day to day transactions of the Company and create charges and satisfaction of loans/charges and authorize MD or any officials of the Company.
- Opening of bank accounts and authorize the officials of the Company to operate the accounts.
- Principal Officer of the Company to raise such loans required from time to time for the operations of the Company.
- Registration of transfer of shares and authorize issue of duplicate share certificates or to delegate the authority to Company Secretary or the Share Transfer Agent.
- Authorization to attend meetings on behalf of the Company.
- 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.
- (x) Conduct any such activities in the normal course of day to day business.

The frequency, notice and agenda will be set by the Chairman of the Committee.

C. GOVERNANCE BY MANAGEMENT

OTHER DISCLOSURES:

Related Party Transactions:

During the year 2010-11, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict with the interest of the Company at large. The transactions with subsidiaries were at arm's length. Schedule 16 of the Financials as at March 31, 2011 contains a 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 of the 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. Indresh Narain 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. Copy of his Appointment letter will be made available to the 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 the 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.

COMPLIANCE CERTIFICATES:

Certificate on Corporate Governance:

As required under clause 49 of the Listing Agreement, Auditor's certificate is obtained and provided in the Annual Report.

CEO and CFO Certificate:

The Certificate given by Managing Director & CEO and CFO as per clause 49 in the prescribed format also form part of this Annual Report.

Code of Business Conduct and Ethics:

In compliance with clause 49 of the Listing Agreement, the Company has adopted a Code of Business Conduct and Ethics for Directors and Senior Management of the Company and its subsidiaries. All members of the Board and Senior

Management Personnel have affirmed compliance with the Company's Code of Conduct and Business Ethics. A copy of the said Code of Business Conduct and 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 Business Conduct and Ethics for its Senior Management including the Managing Director and Non-Executive/Independent Directors. I confirm that the Company has in respect of the financial year ended March 31, 2011, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Business Conduct and Ethics as applicable to them.

May 13, 2011
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. A Risk Committee consisting of Senior Management oversees the Risk assessment and mitigation of Risk. Risk Charters for all functions have been developed and Risk note would be presented to the Board periodically. Thus, there have been deliberate efforts made to identify the risk exposure of the organization and mitigation therein in light of the identified risk appetite of the organization.

The risks and Company's mitigation strategies are more fully described in the Management Discussions and Analysis and these procedures are periodically reviewed by 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.

Subsidiaries:

The Company has no Indian non-listed subsidiary. The statement pertaining to Section 212 of the Companies Act, 1956 contains details about the subsidiary companies of Mindteck (India) Limited.

Compliance with mandatory and non-mandatory requirements under clause 49 of the Listing Agreement:

The Company has disclosed all the mandatory requirements under clause 49 of the Listing Agreement. Among the non-mandatory requirements of clause 49 of the Listing Agreement, the Company has set up a HR & Compensation Committee and has a Whistle Blower Policy in place.

Whistle Blower:

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns, alleged wrongful conduct, including unethical behavior, financial irregularities, sexual harassment, infringement and misuse of Intellectual Property. It also provides protection against victimization of employees who avail of the mechanism and also allows direct access to the Ethical Committee, Sexual Harassment Committee and the Audit Committee. The policy is displayed on the intranet of the Company.

Software Development Centers:**Bangalore:**

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

Kolkata:

- Millennium Towers, Unit: T-29C, Tower II, Level IX, Plot No. 62, Block DN, Sector V, Salt Lake, Kolkata – 700 091

Delhi:

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

Investor Contacts:**Registered Office Address for correspondence:****Mindteck (India) Limited**

16/3, Cambridge Road, Bangalore 560 008.
Phone+91 80 4154 8000; Fax: +91 80 4112 5813
For additional information on the Company, refer website: www.mindteck.com

For queries relating to shares/dividend/compliance:**Usha T N**

VP – Legal & Company Secretary
Tel: 91 80 4514 8000 Extn. 8013
E-mail: usha.tnram@mindteck.com

Address of Registrar and Transfer Agents:**M/s. Universal Capital Securities Pvt. Ltd.,**

(formerly M/s. Mondkar Computers Pvt Ltd)
25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
Email address: Santosh.Gamare@unisec.in

Addresses of regulatory authority/stock exchanges:**Securities and Exchange Board of India**

Plot No. C4-A, G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Tel 91 22 2644 9000/4045 9000

Registrar of Companies, Karnataka

Kendriya Sadan, Kormangala
Bangalore 560 034
Tel: 91 80 2563 3105
E-mail: roc.bangalore@mca.gov.in

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Tel 91 22 2272 1233

Depository for Equity Shares-India:**National Securities Depository Limited**

Trade World, A Wing, 4th and 5th floors
Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai 400 013
Tel 91 22 2499 4200

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001
Tel 91 22 2272 3333

D. GOVERNANCE TO SHAREHOLDERS**Corporate Profile:**

Mindteck (India) Limited was incorporated in Mumbai in 1991 as Hinditron Informatics Limited under the Companies Act, 1956. We changed our name to Mindteck (India) Limited in Sept, 1999. Later, in the year 2006, the registered office of the Company was shifted from Mumbai to Bangalore. The CIN of the Company is L30007KA1991PLC039702 and the address of our registered office is 16/3, Cambridge Road, Bangalore 560 008, Karnataka, India.

Forthcoming Annual General Meeting (AGM):

AGM for the year 2010-11 is scheduled on Thursday, September 22, 2011 at 3.00 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
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
August 11, 2010	4.00 p.m.	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1 Dickenson Road, Bangalore 400 042

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

(i) EGM- February 05, 2008	<ul style="list-style-type: none"> Acquisition of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. on cash/stock basis. Issue of equity shares to shareholders of Mindteck Singapore Pte. Ltd., Mindteck UK Ltd and Chendle Holdings Ltd. and other investors.
(ii) AGM – July 30, 2008	<ul style="list-style-type: none"> 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.
EGM – January 19, 2009	<ul style="list-style-type: none"> Issue of equity shares to shareholders of Chendle Holdings Ltd. and other investors.
EGM – May 5, 2009	<ul style="list-style-type: none"> Reduction of capital by writing down share premium account.
AGM- Sept 11, 2009	<ul style="list-style-type: none"> None
AGM- August 11, 2010	<ul style="list-style-type: none"> None

There was no postal ballot taken during the year and no special resolutions were passed through the postal ballot procedure.

Financial Calendar: 1st April, 2010 to 31st March, 2011

Book Closure dates for the forthcoming AGM:

September 12, 2011 to September 22, 2011 (both days inclusive).

Your Company's equity shares are listed on the Bombay Stock Exchange Limited ('BSE') as at March 31st, 2011 and Stock code is – 517344.

Annual Listing fees for the year ended 2011-12 (as applicable) have been paid by the Company to BSE. The Annual Custodial fees for the year ended 2011-12 (as applicable) have been paid by the Company to NSDL & CDSL.

Share Transfer System:

The Company's Registrars and Share Transfer agent, M/s. Universal Capital Securities Pvt. Ltd. (formerly Mondkar Computers Private Limited), processes shares sent for transfer/transmission etc. in 2 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 15 days of lodgments.

Secretarial Audit:

As per the requirements of clause 47 of the Listing Agreement and as a measure of good corporate governance practice, the share capital of the Company gets audited by practicing company secretary. Company submits the report to Stock Exchange. The audit reconciles on a quarterly basis, the total admitted capital with National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited(CDSL) with the total issued and listed capital of the Company. The audit has confirmed that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity Shares of the Company representing 98.14% of the Company's equity share capital are dematerialized as on March 31, 2011. The Company continues to facilitate requests for demat of shares on a regular basis and the request can be routed through our RTA agent M/s. Universal Capital Securities Private Limited (formerly Mondkar Computers Private Limited). Under the Depository system, the International Securities Identification Number (ISIN) allotted to our shares is INE110B01017.

Investor's complaints

Name of the Complaint	2010-11		2009-10	
	Received	Attended	Received	Attended
No. of investors issues	4	4	6	6
No of legal cases	Nil	Nil	Nil	Nil

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

Shareholding Pattern as on March 31, 2011:

	No. of shares	% of holding
Shareholding of Promoter and Promoter Group	16,169,857	65.29
Bodies Corporate/Financial Institutions	183,844	0.74
Individuals	1,103,395	4.46
NRI/OCBs	2,205,424	8.91
Clearing Members	13,428	0.05
Foreign National	98,783	0.40
Foreign Corporate Bodies	3,790,415	15.31
Mindteck Employees Welfare Trust	416,000	1.68
Mindteck Investors Trust	784,447	3.16
TOTAL	24,765,593	100.00

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	3.16

Distribution of Shareholding as on March 31, 2011:

	As on March 31, 2011				As on March 31, 2010			
Range	Shareholders		Shares		Shareholders		Shares	
No. of Shares	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total
1 – 500	7265	95.656	485,597	1.961	7,414	95.38	494,737	1.998
501 – 1000	167	2.199	135,342	0.546	178	2.29	143,481	0.579
1001 – 2000	68	0.895	99,664	0.403	75	0.97	109,153	0.440
2001 – 3000	23	0.303	55,984	0.226	26	0.33	62,399	0.252
3001 – 4000	15	0.197	55,017	0.222	14	0.18	49,305	0.199
4001 – 5000	8	0.105	36,405	0.147	8	0.10	35,628	0.144
5001–10000	22	0.290	175,016	0.707	30	0.39	221,294	0.894
10001& above	27	0.355	23,722,568	95.788	28	0.36	23,648,596	95.494
Total	7595	100.00	24,765,593	100.00	7,773	100	24,764,593	100

Unclaimed Dividend:

Section 205 of the Companies Act, 1956, mandates that companies transfer Dividend that has been unclaimed for a period of seven years from Unpaid Dividend Account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the Dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF.

Dividend Year	Type of Dividend	Dividend rate	Date of Declaration	Due date for transfer to IEPF	Amount Unclaimed ⁽¹⁾ Rs.
2004-05	Final Dividend	6%	29/07/2005	20/11/2012	125,827
2005-06	Final Dividend	10%	28/08/2006	20/12/2013	71,282
2006-07	Final Dividend	10%	28/09/2007	23/01/2015	83,410
2007-08	Final Dividend	5%	30/07/2008	23/11/2015	41,927
					322,446

⁽¹⁾Amount unclaimed as at March 31, 2011

The shareholders may please write to M/s. Universal Capital Securities Pvt. Ltd before due dates to claim their unclaimed dividend. Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

In accordance with the above provision, during the year Rs. 90,515 has been credited to the Investor Education and Protection Fund Account.

Communication to the Shareholders:

(i) Quarterly Results:

The Company has published its quarterly financial results in the Business Standard and Financial Express (English) and Times of India/ Samyuktha Karnataka (Kannada) /Times Nation (Kannada) newspapers during the year ended March 31, 2011. 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 "Investors" 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.

(v) Soft Copies:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) by allowing paperless compliances by Companies through electronic mode. Thus, Companies are now permitted to send various notices/documents including Annual Reports to its shareholders through electronic mode. We request all shareholders to be a part of this "Green Initiative" and please update your Email id's for all future correspondence with your respective DP's (for shares held in Demat form) or Email id's of our RTA agents, viz. Universal Capital Securities Private Limited by sending a mail to mindteck.investors@uniseq.in or to the Company. The soft copy of Annual Report would be made available at website of the Company. You can also opt for physical copy, by writing to usha.tnram@mindteck.com. If not opted, it is deemed to be accepted to send a soft copy through e-mail.

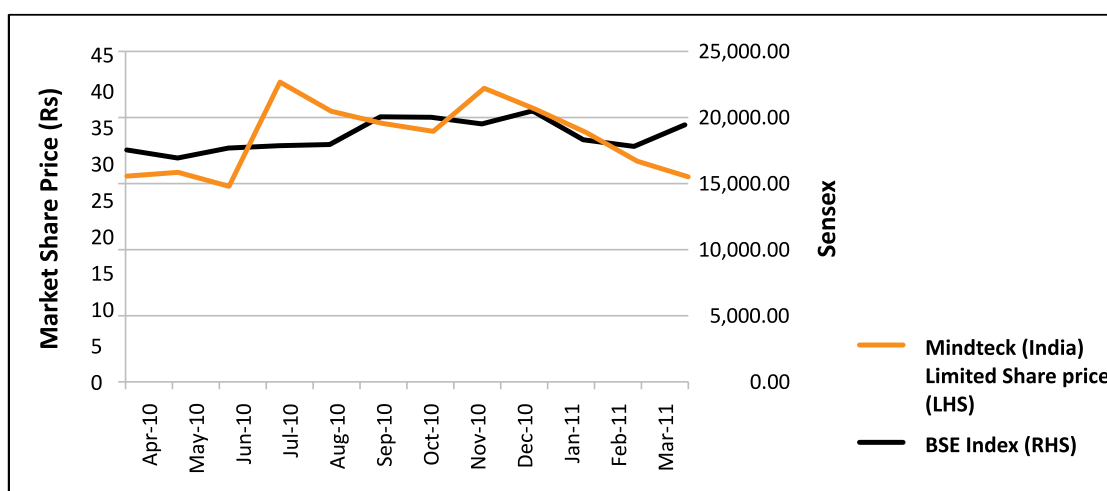
Market Price Data: High, Low of Company's equity shares on the Bombay Stock Exchange, Mumbai during each month in the year ended March 31, 2011:

Month	Sensex		Share Price		Trade	
	High	Low	High Rs.	Low Rs.	No. of shares traded	Value Rs.
April 2010	18,047.86	17,276.80	31.90	24.50	35,118	10,32,235
May 2010	17,536.86	15,960.15	31.70	22.25	30,260	8,40,810
June 2010	17,919.62	16,318.39	30.70	22.00	12,112	3,31,457
July 2010	18,237.56	17,395.58	57.90	26.20	560,426	2,50,21,054
August 2010	18,475.27	17,819.99	44.40	36.90	104,199	42,94,268
September 2010	20,267.98	18,027.12	40.75	34.25	37,864	14,20,897
October 2010	20,854.55	19,768.96	38.40	33.25	21,094	7,41,078
November 2010	21,108.64	18,954.82	47.50	32.00	65,136	27,28,187
December 2010	20,552.03	19,074.57	43.95	33.15	10,503	4,08,843
January 2011	20,664.80	18,038.48	40.95	32.50	17,624	6,19,249
February 2011	18,690.97	17,295.62	33.45	28.00	12,305	3,70,412
March 2011	19,575.16	17,792.17	32.85	25.85	9,156	2,52,818

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 2010	28.10	17,558.71	5,357.83
May 2010	28.60	16,944.63	5,174.70
June 2010	26.70	17,700.90	5,319.21
July 2010	40.85	17,868.29	5,474.84
August 2010	36.90	17,971.12	5,375.62
September 2010	35.25	20,069.12	5,947.07
October 2010	34.15	20,032.34	5,992.77
November 2010	40.00	19,521.25	6,094.00
December 2010	37.20	20,509.09	6,824.82
January 2011	34.00	18,327.76	6,371.10
February 2011	30.10	17,823.40	6,106.81
March 2011	28.00	19,445.22	6,548.10

Performance of Mindteck shares in comparison to BSE Index:



On behalf of the Board of Directors

Bangalore
Date: August 11, 2011

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 the difference include, but are not limited to, those discussed in the Management 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 as of the date hereof.

INDUSTRY OUTLOOK

IT Services and Outsourcing will see rapid growth in markets such as Latin America and Eastern Europe, while Middle East and Africa regions will grow the fastest. Growth in regions such as Asia Pacific and the US will also be strong. To succeed in this shifting tech market, service providers will need to adopt newer ways to operate and innovate.

Global economic recovery in 2010, led by the economic growth in emerging markets, resulted in increased consumer and enterprise spending and as a result, higher revenues for technology companies. Organizations shifted their focus from cost containment to business growth and on the whole, market cap, sales, net income and Earnings per Share increased for most IT companies.

India is currently the undisputed leader in software outsourcing services. The Indian software industry is purely export oriented and most of its revenues come from IT-BPO services. From entry level data entry and voice based services for the BFSI industry, the BPO industry has evolved remarkably by moving up the value chain and enhancing the depth and breadth of services offered. Following the uncertain economic conditions, India has shifted emphasis to off-shore projects since on-site software development has seen a significant decline. The industry is once again exhibiting optimism and maturity, revealed through a strong customer demand in FY 2010-11. Revenues have touched USD 14.7 billion and nearly a million people have been directly employed in FY2010, according to key findings released by NASSCOM.

The IT-BPO industry is likely to continue on this steady growth trajectory as local players incorporate best in class standards, frameworks and practices from global counterparts while retaining their edge in terms of lower cost of labor and focused governmental investments. As per a study made by World Bank, IT-BPO industry in India has the potential to earn export revenues of \$30 billion to \$55 billion by 2020 provided the Government can fully enable development of this industry.

Key off shoring trends that will shape the industry this year:

- Signing of smaller IT services deals, many of them by first-time buyers who sat on the fringes in 2010.
- Service providers are likely to standardize their offerings to leverage economies of scale and stabilize profit margins, bringing an end to customization.
- Outsourcing providers will drive to secure higher price points. Cost savings can be derived in the form of value from delivery models, deal structures, and value drivers instead. Service providers are likely to win clients with performance rather than a low bid.
- Indian providers will skill up to win more consulting and integration work. Cultures will move closer together and the future may see some key mergers between major Indian service providers and western incumbents.

- As buyers are more interested in offshore services delivered from locations other than India, service providers will continue to shift their delivery centers to markets such as China, Brazil, and Egypt, not just to address issues such as wage inflation or staff attrition. Countries with strong economies represent big markets with big demand for transformational and discretionary spend activity, posing challenges for the Indian IT industry.
- Protectionism will continue and this could put pressure on offshore companies to increase their onshore capabilities.
- With pressure to keep costs down and boost performance, outsourcers will rely more heavily on automation. Applications that reduce the labor a client is required to put in will be offered at lower implementation and running costs than they have been in the past. This will create demand for additional opportunities and reduce the staff necessary to support critical business applications.
- Increased competitiveness may drive competitors to cut costs and match prices, resulting in movement of delivery personnel to lower cost locations. This mass migration of workforce will further improve offshore delivery capabilities, resulting in lesser communication and quality problems.
- Cloud Computing will usher in an evolution of business with the potential to change the status quo in the IT industry.

TRENDS IN SPECIFIC INDUSTRY VERTICALS

Life Sciences

Life Sciences encompass companies in the fields of scientific instruments, pharmaceuticals, medical devices, biotechnology, food processing, environmental, and organizations and institutions. These organizations devote the majority of their efforts to various stages of research, development, technology transfer and commercialization. In all these segments, global players are witnessing a number of key technology trends such as convergence and mobility, cloud computing, adoption of energy efficient technologies, enterprise adoption of Web 2.0 etc. that are impacting their business, making it essential for service providers to keep pace with these technologies.

Improvements in the performance of new analytical instruments and equipment in 2011 are keyed to users' needs for lower operating costs and faster testing. Manufacturers of analytical instruments and equipment for the research lab continue to improve the performance of their products, while working with clients to reduce overall lab operating costs and increase the ease-of-use of the equipment. Automated systems in the laboratory arena are a strong component of most future instrumentation and equipment plans.

Mindteck has been in the field of product engineering services for a decade with an enhanced domain focus on medical devices and scientific instruments. Many of the leading instrument manufacturers have been the clients of Mindteck for a long time. With a strong vision to be a one stop solution provider for Life Sciences Companies and based upon our prior experience and growth potential, Mindteck has developed a host of integrated service offerings in product engineering and information technology for the various segments of Life Sciences Industry.

Smart Energy

The global energy scenario is going through a shift as a new energy revolution unveils. The power grid is an important component in energy supply, and it is central to the development of clean energy,

though its development pattern is facing challenges. In recent years, international and domestic industries and research institutions have undertaken a series of ground-breaking investigations and practices. The concept of smart grid is fast evolving, and will be a common choice to deal with future challenges in the power industry.

The smart grid platform will create a local and global ecosystem of smart grid service providers providing products and services at different layers to energy producers and consumers alike – commoditizing the tools for creating and consuming energy optimally. Energy consumers in Smart Grid ecosystem will be generating energy on their own and freely trading it based on demand and supply; they will be smartly consuming optimum energy at the right time for the right price using smart appliances. Energy companies would be playing the role of enablers of this ecosystem which would be primarily driven by energy consumers, retail energy producers, energy producers and smart grid technology vendors.

Mindteck's Smart Energy vertical is committed to providing smart grid technology services and solutions to deal with energy challenges such as optimizing energy consumption, improving energy efficiency and integrating distributed generation.

Banking, Financial Services and Insurance

As the global Banking and Financial Services sector emerges from the downturn and focuses on growth, the key business objectives are centered on regulatory compliance, risk management, customer centricity and business and cost transformation.

The technology shifts revolve around implementing strategies to achieve these business objectives, for example, enhanced reporting and analytical capabilities, a more integrated approach to managing governance, risk and compliance activities, adopting cloud technologies and harnessing data to provide insights.

Going forward, the financial services industry will embrace growth and the three key themes to support growth will be customer centricity, redefining the traditional business model and embracing innovation as a differentiator.

Mindteck's BFSI Practice provides a complete portfolio of technology solutions contextualized for financial services firms to proactively address the above core needs and accelerate growth. Our solutions focus on the three most relevant needs of the BFSI segment:

1. Managing regulatory compliance and governance
2. Payments and
3. Data Management

Outlook for Mindteck

Mindteck has been sharpening its strategy and approach towards the Manufacturing and Services clients for the best part of this financial year. The effort has resulted in specific areas of focus for the company's offerings and identification of customer-oriented service offerings that match the potential these industry verticals offer. The outlook, therefore, is upbeat for FY 12.

On the IT Services business side, we have identified our areas of focus around the vast potential of the BFSI and Public Sector verticals. We are of the opinion that Mindteck should be able to tap the potential that these verticals offer with the help of our deeper understanding of the Industries' operations and emerging practices. On the other hand, as always, our Engineering business demonstrates much promise. The combination of our strong vertical competencies in Semiconductor, Life Sciences & Analytical Instruments and Smart Energy plus our Product Life Cycle Maintenance (PLM), EDS and Testing skills are likely to do well in the foreseeable future owing to growing trends in

outsourcing by the Global manufacturing sector. During the year under review, continuing efforts into building specific technology Solution Accelerators that are reusable and repeatable, has resulted in developing good market traction which would help clients reduce time-to-market for launching new products, and also help differentiate our services platform.

Opportunities

While the markets spiraled downward in 2009 and IT budgets were slashed worldwide, the recovery phase has been slower than expected. Nevertheless, the pent up demand and the immediate necessity to stay competitive drove the growth of IT business post-recession. The trends are likely to continue fuelling demand. Companies in the manufacturing sector are expected to pursue their research and development budgets with panache, in order to retain their competitive edge. IT service 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 cloud computing and smart energy. Mindteck has made good progress in each of these areas, supported by a range of technology skills and capabilities within the organization.

Threats

The biggest threat to IT companies in the foreseeable future will be the high level of competition fuelled by innovation, from all quarters in the technology market. The competition is likely to impact not only the revenues but the ability to employ and retain good talent as well. Mindteck's offerings are niche in nature and prone to economic cycles that impact the industry verticals in which we operate. Besides, the unpredictable nature of today's markets in the US and Europe could pose significant challenges to the off-shoring trends as well as volume of business itself owing to restrained Governmental spend in these Geographies.

Mindteck's ability to realize its growth and profit objectives in the medium to long term will depend on how well the operations of the company can be offshored more significantly than they are leveraged now.

Risks and Concerns

Technology companies continue to be exposed to risks and concerns that dot the ever-changing economic spectrum in the post-recessionary or the recovery phase. Speculation is rife on possibilities of double dip recession in the USA and the weakening financial health of Europe's economies and Banks. The internal socio-political pressures faced by the Western economies caused largely due to the adverse consequences of these macro-economic developments have prompted regulatory clampdowns on outsourcing business to emerging economies like India.

Besides these larger issues having a bearing on business, factors such as, foreign competition, talent attraction and retention, intellectual property infringement and development of innovative products and services that help differentiate service providers, continue to play a role in determining the success of businesses. Cost overruns in Fixed Price contracts owing to execution delays, inaccurate estimation of project scope and cost, delays caused by client are all very real.

Also of merit are the ever-changing Global economic conditions, growing concerns about product liability, changes in technology risks, 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 ever-changing Global economic scenario makes management of such risks even more difficult as prediction of currency trends becomes more of a gamble than ever before. For Mindteck, the maximum risk is concentrated in India and the U.K. 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, Mindteck has undertaken forward contracts in line with its corporate policy for hedging the risks associated with its 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 credit 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.

In addition the company conducts Physical verification of its assets diligently in accordance with its policies and makes sure that the assets are secure and recorded in accordance with governing accounting standards.

DISCUSSION ON FINANCIAL PERFORMANCE

Share Capital

Mindteck has an issued share capital base of 24,765,593 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 31st March, 2011, in relation to discharge of consideration for the acquisition of Chendle Holdings Ltd., one of the company's wholly-owned subsidiaries. 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 completed by the company in FY 2008.

Further, issued capital also includes 416,000 equity shares allotted to the Mindteck Employee Welfare Trust (MEWT). 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, 10,200 options have been granted to employees under the Mindteck Employee Stock Option Scheme, 2005.

Reserves and Surplus

Mindteck has retained a balance of Rs 115.61 million in the Profit and Loss Account as at 31 March, 2011. Shareholders funds, excluding capital reserves, increased from Rs 1097.28 million in FY 2010 to Rs 1194.99 million in FY 2011.

Secured Loans

Mindteck's secured loans are working capital advances funded by banks in the U.S. and India. As at 31 March, 2011, there is no amount outstanding in the U.S. as well as in India. During the year the company has managed to reduce its borrowing significantly. However, the borrowing limits sanctioned by the company's bankers are being continued.

Unsecured Loans

Mindteck Singapore Pte Ltd has a receivables factoring facility in Singapore. The borrowings, as at March 31, 2011, stood at Rs 2.85 million.

Fixed Assets

Mindteck invested Rs 7.73 million in fixed assets during the fiscal year. Mindteck has been leasing most of its capital equipment from reputed vendors and plans to operate under lease in the foreseeable future.

Investments

Mindteck had eight wholly-owned subsidiaries as at 31 March 2011. The nature of operations of these subsidiaries is as follows:

- Mindteck, Inc., U.S. – Operating company
- Mindteck Singapore Ltd, Singapore - Operating company
- Mindteck UK Ltd – Operating company
- Mindteck Middle East Ltd – 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, USA.

Net Current Assets

Mindteck's accounts receivables as at 31 March, 2011 amounted to Rs 395.03 million, representing about 60 days of sales. All debts doubtful of recovery have been provided for in the financial statements.

Cash and bank balances amounted to Rs 60.75 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 recoverable from related entities, advances to staff, income tax paid towards current dues and refundable for previous years and input service taxes (to the extent recoverable from authorities). Dues from related entities

primarily result from sales to subsidiaries and expenses incurred on their behalf.

Unbilled revenues represent revenues recognized as per governing accounting standards, in respect of which invoices are not raised as at 31 March, 2011.

Current Liabilities and Provisions represent accounts payable, tax provisions and outstanding liabilities toward supplies for which bills were not received as at 31 March, 2011. Due care has been taken to ensure that all known liabilities are provided for.

Deferred revenue represents payments received from customers for which work was yet to be delivered as at 31 March 2011.

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 expense in the respective books and varying depreciation methodologies in the tax books and financial statements. These are called temporary timing 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.

RESULTS OF OPERATION

Income

Revenues from software services registered almost a 11% increase in FY 11, in US Dollar terms. However, the Rupee increase in revenues was lower at 6% due to the appreciation in Indian Rupee against the US Dollar during the year under review. The company recorded Rs 2408.67 million in FY 11 as against Rs 2265.40 million in FY 10. The items of other income include rental incomes from sub-lease, rentals from our own property, interest income from deposits, foreign exchange gains and other miscellaneous items. The income from sub-lease (Rs 15.15 million) arose due to the leasing of surplus office space not required by the company. This item of lease was vacated from 1st October 2010. Consequently, the amount recorded in the financials represents transactions for the first half of the financial year under consideration. The corresponding expense against the income from sublease (Rs 15.82 million) forms part of the operating expense included in Schedule 15 – Operating and Administrative Expense.

Other income also includes the following pre-existing liabilities in the books of US Subsidiary, which were written back to the P&L account since they were no longer payable:

- Franchise Tax payable
- Preference Dividend
- Provision for Third party claim in books
- The write back of these and other minor liabilities, amounting to Rs 25.77 million, has been done after exercising due precaution and legal scrutiny,

Expenses

Manpower expenses for the year stood at Rs 2031.35 million as against Rs 1893.44 million last year. While revenues increased 6%, manpower expense increased by 7%, thereby reflecting the investment made by the company in increasing management bandwidth in the previous year.

Operating expenses (as in Schedule 15) amounted in all to Rs 284.02 million. The company undertook several cost rationalization measures and ensured that the expense base was reduced further from the previous year's levels.

Finance charges in FY 11 were Rs 3.75 million as compared to Rs 7.13 million in FY 10. 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, eliminating the borrowings altogether helped reduce the impact significantly.

Tax provision for the year amounting to Rs 22.40 million is the aggregate of current tax liabilities in all tax jurisdictions in which the company operates. Tax provisions in India are based on the normal tax computation in accordance with the prevailing tax laws, consequent to absorption of the income tax losses brought forward from earlier years. Owing to the improvement in company's profitability coupled with the expectation of tax profits continuing to accrue in the foreseeable future, the tax charge was lower owing to recognition of MAT Tax credit amounting to Rs 10.72 million in FY 11.

Tax provisions in the U.S. have been made after considering statutory regulation governing the set of brought forward losses arising from the M&A completed by the company in FY 2008. In making these provisions due consideration has been given to the uncertainties regarding change in the ownership of merging entities. 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 141.44 million as against Rs 105.25 million the previous year. As stated in paras above, this includes other income of Rs 25.77 million, which is of non-recurring nature and without nexus to expense items shown in the P&L account. Net profit was Rs 91.44 million in FY11, at about 3.8% of software revenue, whereas it was Rs 33.52 million in FY 10 at 1.5% 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 11 was a year of high demand for talent in the Indian software Industry, recruitment practices were also more aggressive than ever and encountered unprecedented levels of competition among Industry players for hiring and retaining the best talent. Attrition levels were abnormally high and induction of lateral hires witnessed increasing costs of hiring as well as retention. As at 31 March, 2011, the total number of resources across all geographies was 879.

On behalf of the Board of Directors

Bangalore
Date: August 11, 2011

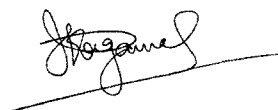
Pankaj Agarwal
Managing Director & CEO

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, 2011 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.



Pankaj Agarwal
Managing Director & CEO



Suresh Rao
Group-CFO

Bangalore
May 13, 2011

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, 2011, 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: August 11, 2011

Supreet Sachdev
Partner
Membership No. 205385



Vitality

*"Vitality shows not only in the ability to persist,
but in the ability to start over."*

– F. Scott Fitzgerald



Veracity

*"Veracity does not consist in saying,
but in the intention of communicating the truth."*

– Samuel Taylor Coleridge

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, 2011, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Ministry of Corporate Affairs 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, profit and loss account and 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 are prepared in compliance 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act on the said date; 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, 2011;
 - (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

Place: Bangalore
Date: 13 May 2011

Supreet Sachdev
Partner
Membership No. 205385

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, 2011. 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, Employees' State Insurance, 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 Sales-tax, Wealth tax, Customs duty, Excise duty and Investor Education and Protection Fund.

Further, 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, Employees' State Insurance, Income tax, Service tax and other material statutory dues were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The Company, however, disputes the following income tax dues:

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	14,832,080 (5,000,000)*	Assessment year 2006-07	Income tax appellate Tribunal, Bangalore
Income Tax Act, 1961	Income tax/ interest	16,031,837	Assessment year 2007-08	Dispute Resolution Panel (DRP), Bangalore
Income Tax Act, 1961	Income tax/ interest	4,883,185	Assessment year 2003-04	Commissioner of Income Tax Appeals, Bangalore

* Amount in parenthesis represent the payment made under protest.

- 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.

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

Supreet Sachdev
Partner
Membership No. 205385

Place: Bangalore
Date: 13 May 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,495,930	243,485,930
Equity share capital reserved for issuance	16(3)	19,859,926	19,859,926
Reserves and surplus	2	1,167,705,318	1,110,465,963
		1,431,061,174	1,373,811,819
Loan funds			
Secured loans	3	-	17,356,124
		1,431,061,174	1,391,167,943
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		101,107,014	115,493,418
Less: Accumulated depreciation		(78,493,435)	(82,463,594)
Net block		22,613,579	33,029,824
Capital work in progress		314,480	-
Deferred tax asset, net	16(6b)	2,992,679	-
Investments	5	1,231,291,030	1,231,291,030
Current assets, loans and advances			
Sundry debtors	6	121,903,433	83,730,998
Cash and bank balances	7	32,343,119	12,259,062
Loans and advances	8	133,574,681	135,546,668
		287,821,233	231,536,728
Current liabilities and provisions			
Current liabilities	9	102,995,978	96,566,308
Provisions	10	10,975,849	8,123,331
Net current assets		173,849,406	126,847,089
		1,431,061,174	1,391,167,943

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 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
INCOME			
Income from software and IT-enabled services	11	542,095,342	459,533,025
Other income	12	22,199,014	36,059,157
		564,294,356	495,592,182
EXPENDITURE			
Manpower costs	13	314,228,802	261,344,738
Selling, operating and administration expenses	14	176,813,345	193,428,163
Finance charges	15	1,344,890	3,483,946
Depreciation	4	13,172,502	13,972,329
		505,559,539	472,229,176
Profit before taxation		58,734,817	23,363,006
Taxation			
- Current tax - domestic		14,412,691	3,970,543
- Current tax - foreign		808,329	1,127,827
- Current tax - MAT credit entitlement	16(6a)	(10,715,529)	-
- Deferred tax	16(6b)	(2,992,679)	-
Profit after taxation		57,222,005	18,264,636
Balance in profit and loss account brought forward		92,985,526	74,720,890
Add: effect of consolidation of the Mindteck Employees Welfare Trust		-	-
Amount available for appropriation		150,207,531	92,985,526
Appropriations :			
Dividend		-	-
Corporate dividend tax		-	-
Balance in profit and loss account carried forward		150,207,531	92,985,526
Earnings per share ('EPS')	16(15)		
(Equity shares, par value Rs 10 each)			
-Basic		2.35	0.75
-Diluted		2.32	0.74
Weighted average number of shares used in computing earnings per share			
- Basic		24,348,727	24,348,593
- Diluted		24,625,039	24,628,714

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 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Cash flow from operating activities		
Profit before taxation	58,734,817	23,363,006
Adjustments for :		
Depreciation	13,172,502	13,972,329
Interest expense	634,417	2,702,060
Interest on fixed deposits	(567,917)	(657,728)
Investment written off	-	500,000
Loss on sale of fixed assets	31,658	123,712
Bad debt written off	-	368,856
Operating profit before working capital changes	72,005,477	40,372,235
(Increase)/decrease in sundry debtors	(38,172,435)	175,474,372
(Increase)/decrease in loans and advances	11,410,456	(14,969,253)
Decrease/(increase) in current liabilities and provisions	7,436,937	(86,096,972)
Cash generated from operations	52,680,435	114,780,382
Taxes paid, net	(12,008,195)	(8,892,237)
Net cash generated from operating activities	40,672,240	105,888,145
Cash flow from investing activities		
Purchase of fixed assets	(3,104,896)	(8,795,549)
Proceeds on sale of fixed assets	2,501	25,265
Investment in subsidiaries	-	(99,573,163)
Interest received on fixed deposit	567,917	657,728
Net cash used in investing activities	(2,534,478)	(107,685,719)
Cash flow from financing activities		
Proceeds from issue of equity shares	27,350	-
Interest paid on loans	(634,417)	(2,702,060)
Utilisation of cash credit facilities, net	(17,356,124)	(76,716,029)
Dividends paid (including distribution tax)	(90,515)	(93,756)
Net cash generated from financing activities	(18,053,706)	(79,511,845)
Net increase/(decrease) in cash and cash equivalents	20,084,056	(81,309,419)
Cash and cash equivalents at the beginning of the year	12,259,062	93,568,481
Cash and cash equivalents at the end of the year*	32,343,118	12,259,062

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.

*Refer Schedule 7 of 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 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 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		
24,765,593 (previous year 24,764,593) equity shares of Rs 10 each fully paid-up	247,655,930	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 (5b)]	(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, does not hold any shares in the Company.		
	243,495,930	243,485,930

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 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	1,018,030,502
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 16 (5b)]	(36,240,000)	(36,240,000)
	981,790,502	981,790,502
Additions during the year		
- On allotment of shares pursuant to the Mindteck Employees Stock Option Scheme, 2005	17,350	-
	981,807,852	981,790,502
Balance in the profit and loss account	150,207,531	92,985,526
	1,167,705,318	1,110,465,963
SCHEDULE - 3 SECURED LOANS		
From scheduled bank		
- Cash credit facility	-	7,079,036
- 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

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE - 4 – FIXED ASSETS

(Rs)

Assets	Gross Block				Accumulated Depreciation			Net block	
	As at April 1, 2010	Additions during the year	Deletions	As at March 31, 2011	As at April 1, 2010	Charge for the year	Deletions during the year	As at March 31, 2011	As at March 31, 2010
Intangible Assets, Owned:									
Goodwill	7,000,000	-	-	7,000,000	7,000,000	-	-	7,000,000	-
(arising on business acquisition)									
Computer software	25,594,365	1,677,884	2,355,489	24,916,760	19,797,404	3,454,674	2,355,489	4,020,171	5,796,961
Tangible assets, Owned									
Computer equipment	44,547,345	271,276	12,150,738	32,667,883	34,888,074	4,270,365	12,133,955	5,643,399	9,659,271
Office equipment	14,762,721	659,613	2,355,214	13,067,120	9,954,121	2,129,379	2,337,839	3,321,459	4,808,600
Furniture and fixtures	4,515,942	181,643	315,379	4,382,206	4,064,666	279,101	315,378	353,817	451,276
Vehicles	157,500	-	-	157,500	45,999	45,986	-	65,515	111,501
Buildings	10,156,520	-	-	10,156,520	1,831,294	165,551	-	8,159,675	8,325,226
Leasehold improvements	8,759,025	-	-	8,759,025	4,882,036	2,827,446	-	1,049,543	3,876,989
Total	115,493,418	2,790,416	17,176,820	101,107,014	82,463,594	13,172,502	17,142,661	22,613,579	33,029,824
Previous year	113,265,154	2,515,293	287,029	115,493,418	68,629,317	13,972,329	138,052	82,463,594	33,029,824

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 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 SOC, Bahrain	1,830,360	1,830,360
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 13,000) common stock of USD 1 par value of Mindteck Inc, USA.	931,555,704	931,555,704
	1,231,291,030	1,231,291,030
SCHEDULE - 6 SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	14,780,893	12,943,108
Considered doubtful	224,721	224,721
	15,005,614	13,167,829
Others debts		
Considered good	107,122,540	70,787,890
	122,128,154	83,955,719
Less : Provision for doubtful debts	(224,721)	(224,721)
	121,903,433	83,730,998

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on hand	32,986	23,736
Balances with scheduled banks:		
- In current accounts	22,733,187	3,169,505
- In deposit accounts	4,576,946	4,065,821
- In margin money account	5,000,000	5,000,000
	32,343,119	12,259,062
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 (14)]	4,132,823	6,131,321
- Advances to employees	3,747,914	2,235,511
- Prepaid expenses	4,893,168	4,945,563
- Service tax input credit	33,394,105	23,135,727
- Other advances	6,786,930	7,993,357
Advance income tax and tax deducted at source	26,706,350	17,267,881
[net of provision for tax Rs 16,400,603 (previous year: 15,709,321)]		
MAT credit entitlement	10,715,529	-
Deposits with government bodies	472,872	341,705
Other deposits	34,205,739	61,650,031
Unbilled revenue	8,519,251	11,845,572
	133,574,681	135,546,668

SCHEDULES ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry creditors		
- outstanding to micro enterprises and small enterprises [Refer Schedule 16 (17)]	-	-
- outstanding to creditors other than micro enterprises and small enterprises*	24,527,516	20,547,565
Due to subsidiaries	65,570,367	45,532,884
Book overdraft	2,831,583	-
Deposits	2,016,442	23,218,128
Unclaimed dividends	322,446	412,961
Unearned Income	1,588,614	745,440
Others liabilities	6,139,010	6,109,330
	102,995,978	96,566,308
* includes employee related liabilities Rs 8,154,879 (previous year: Rs 17,159,347)		
SCHEDULE - 10		
PROVISIONS		
Provision for compensated absences	4,628,451	5,532,045
Provision for gratuity [Refer Schedule 16 (18)]	3,639,341	1,818,995
Provision for income taxes [net of advance tax Rs 13,784,245 (previous year: 498,991)]	2,708,057	772,291
	10,975,849	8,123,331

SCHEDULES ANNEXED AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
SCHEDULE - 11		
INCOME FROM SOFTWARE AND IT-ENABLED SERVICES		
Income from software services		
- Domestic [tax deducted at source Rs 455,626 (previous year Rs 75,291)]	4,387,160	523,586
- Exports	499,911,995	426,766,212
Income from IT-enabled services	37,796,187	32,243,227
	542,095,342	459,533,025
SCHEDULE - 12		
OTHER INCOME		
Interest from banks [tax deducted at source Rs 56,968 (previous year Rs 78,927)]	567,917	657,728
Liability no longer required, written back	-	525,680
Provision for doubtful debt, written back	-	134,831
Rental income [tax deducted at source Rs 1,772,863 (previous year Rs 5,345,156)]	16,659,591	34,313,218
Foreign exchange gain, net	4,952,858	-
Miscellaneous income	18,648	427,700
	22,199,014	36,059,157
SCHEDULE - 13		
MANPOWER COSTS		
Salaries and allowances	281,022,516	242,562,539
Contribution to provident and other funds	14,144,492	10,610,977
Staff welfare expenses	8,313,206	5,016,559
Consultancy charges	10,748,588	3,154,663
	314,228,802	261,344,738

SCHEDULES ANNEXED AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
SCHEDULE - 14		
SELLING, OPERATING AND ADMINISTRATION EXPENSES		
Rent	62,313,448	75,686,700
Hiring charges	8,516,398	8,393,775
Marketing and sales support costs	14,204,265	35,264,366
Travelling	37,740,881	22,189,018
Foreign exchange loss, net	-	5,634,412
Electricity	12,171,065	11,756,076
Communication	8,435,302	7,248,384
Professional charges	8,197,114	4,874,326
Repairs and maintenance-building	234,962	487,161
Repairs and maintenance-others	8,833,748	5,964,908
Rates and taxes	217,092	2,003,074
Insurance premium	2,537,452	1,684,068
Remuneration to auditors	2,101,750	2,176,013
Membership and subscription	2,950,957	1,076,491
Printing and stationery	1,100,794	1,032,666
Recruitment expenses	3,038,566	215,757
Loss on sale fixed assets, net	31,658	123,712
Bad debts written-off	-	368,856
Investment written off [(Refer Schedule 16 (4))]	-	500,000
Miscellaneous expenses	4,187,893	6,748,400
	176,813,345	193,428,163
SCHEDULE - 15		
FINANCE CHARGES		
Interest on working capital loans	634,417	2,702,060
Bank charges	710,473	781,886
	1,344,890	3,483,946

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 industry verticals in specific service horizontals. Mindteck's core offerings are in Product Engineering, Application software, Electronic Design, Testing and Enterprise Business services.

In the product engineering space, Mindteck renders electronics design, firmware and software in key vertical areas of Life Sciences and 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 support and maintenance of enterprise wide applications. Application software services are centered around providing solutions to independent software vendors in the Banking and Financial Services Industry (BFSI) space and a broad range of services for custom application development, application management, re-engineering, validation and verification across the spectrum.

Through IT-enabled services, the Company provides offshore based employee resourcing, marketing and pre-sales support services to its subsidiaries.

Mindteck is head quartered in Bangalore with branch offices in Kolkata and Gurgaon. The software development centers in Bangalore and Kolkata are 100% Export Oriented Units ('EOU') set up under the Software Technology Parks of India (STPI) Scheme of the Government of India. Mindteck has subsidiaries in United States of America, United Kingdom, Singapore, Malaysia 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 that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life of fixed assets as follows:

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 cost of acquisition of an investment, 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 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.

2.11 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 2.12 below)

2.12 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.

2.13 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.

2.14 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

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') and other requirements by these shareholders. The submission of PAN is a pre-requisite to complete the allotment of shares. The Company is in the process of following up with the shareholders of Chendle Holdings to obtain the PAN and upon receiving the PAN, the Company would allot the shares to these shareholders.

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, 2011 Mindteck BPO had filed an application with the Registrar of Companies for striking its name off the register. MCA vide its letter dated February 9, 2011 had intimated the Company that the application was approved for dissolution under Section 560(3) of the Companies Act. Subsequently, the Company's name was struck off in the Register of Companies and the Company was dissolved with effect from April 6, 2011.

5 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 Stock 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, 2011, the Company has granted 10,200 options on November 10, 2010 at an exercise price of Rs.40.40 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, 2011		Year ended March 31, 2010	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	310,567	43.23	388,301	49.35
Granted during the year	10,200	40.40	85,200	22.87
Exercised during the year	1,000	27.50	-	-
Forfeited during the year	99,600	37.21	162,934	47.17
Lapsed during the year	51,300	63.85	-	-
Options outstanding at the end of the year	168,867	40.44	310,567	43.23
Options exercisable at the end of the year	139,334	42.63	192,267	49.68

The weighted average remaining contractual life of the options outstanding as at March 31, 2011 is 3.89 years (previous year 4.49 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, 2011 would have been Rs 57,377,611 (previous year Rs 18,015,960) i.e. higher by Rs 155,606 (previous year lower by Rs 248,676) and the basic and diluted EPS for the year would have been Rs 2.36 and Rs 2.33 (previous year Rs 0.74 and Rs 0.73) 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.

6 PROVISION FOR TAXATION

- a) Provision for income tax for the year relates to income tax on taxable income under the relevant provisions of the Income Tax Act, 1961. During the year, the Company has recognized the MAT credit asset of earlier

years aggregating to INR 10,715,529 as the Company meets the recognition criteria in a view of availability of sufficient taxable income.

b) Deferred taxes

Amount in Rs

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	411,628	2,866,382
Deferred tax asset		
Provision for doubtful debts	74,647	—
Provision for compensated absences	1,537,456	—
Provision for gratuity	1,208,898	—
Others	583,306	—
Carry forward losses restricted to the extent of deferred tax liability *	—	(2,866,382)
Net deferred tax asset /(liability)	2,992,679	—

* In view of unabsorbed depreciation and carry forward business losses under tax laws in the previous year, the Company was unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset was recognized (except to the extent of deferred tax liability) as there was no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. During the current year, the Company has utilized its carry forward business loss and meets the criteria for the recognition of a deferred tax asset.

7 CONTINGENT LIABILITIES AND COMMITMENTS

- a) Guarantees given by the Company's bankers as at March 31, 2011 is Rs Nil (previous year: Rs Nil).
- b) Corporate Guarantee of Rs 181,141,600 i.e. USD 4 million (previous year: Rs 180,560,000 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.
- c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2011 is Rs NIL (previous year: 75,240).
- d) Claims against the Company not acknowledged as debt as at March 31, 2011 is Nil (previous year: Nil).
- e) Income tax matter aggregating to INR 35,747,102 (previous year: INR 15,590,456) are pending at various forums. The management believes that the Company has a good case to defend and no liability is expected in this regard.

8 CIF VALUE OF IMPORTS

Particulars	Amount in Rs	
	Year ended March 31, 2011	Year ended March 31, 2010
Capital goods*	29,821,278	44,994,487
Total	29,821,278	44,994,487

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

9 EXPENDITURE IN FOREIGN CURRENCY

Particulars	Amount in Rs	
	Year ended March 31, 2011	Year ended March 31, 2010
Foreign travel	28,848,158	15,270,044
Marketing and sales support costs	14,204,265	35,264,329
Consultancy charges	4,814,338	-
Project expenses	2,508,347	2,874,141
Membership and subscription	1,199,651	549,217
Total	51,574,759	53,957,731

10 EARNINGS IN FOREIGN CURRENCY

Particulars	Amount in Rs	
	Year ended March 31, 2011	Year ended March 31, 2010
Export of software services	499,911,995	426,766,212
IT-enabled services	37,796,187	32,243,227
Total	537,708,182	459,009,439

Business segments

Profit and Loss account for the year ended March 31, 2011	Amount in Rs		
	Software services	IT-enabled services	Total
Segment revenue	504,299,155	37,796,187	542,095,342
Operating expenses, net	310,718,996	19,365,345	330,084,341
Segment results	193,580,159	18,430,842	212,011,001
Unallocable expenses			174,130,308
Finance charges			1,344,890
Other income			22,199,014
Profit before taxation			58,734,817
Taxation including foreign taxes			1,512,812
Profit after taxation			57,222,005

11 MANAGERIAL REMUNERATION

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.

12 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.

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			5,098,370
Profit after taxation			18,264,636

Segment assets**Segment assets for the year ended March 31, 2011**

Amount in Rs

	Software services	IT-enabled services	Total
Sundry debtors	109,321,237	12,582,196	121,903,433
Unallocable			1,423,129,568
Total			1,545,033,001

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

Geographical segments

Amount in Rs

Revenue	Year ended March 31, 2011	Year ended March 31, 2010
- USA	439,921,505	381,788,619
- Europe	94,531,746	70,183,793
- India	4,387,160	523,586
- Rest of the world	3,254,931	7,037,027
Total	542,095,342	459,533,025

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2011 amounted to Rs. 46,560,001 (previous year Rs 57,115,353).

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

Amount in Rs

Lease obligations	As at March 31, 2011	As at March 31, 2010
Payable not later than one year	4,168,891	25,463,849
Payable later than one year and not later than five years	1,309,250	17,789,581
Payable later than five years	-	-

Additionally, the Company leases office facilities, residential facilities and equipment under cancellable operating leases.

13 LEASES**Operating Leases**

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

The rental expense under cancellable operating leases during the year ended March 31, 2011 amounted to Rs 15,753,447 (previous year Rs 18,571,347).

Rental income from sub-leasing of office facilities during the year ended March 31, 2011 was Rs 16,659,591 (previous year Rs 34,313,218).

14 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) 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 Limited 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

*refer note 16(4)

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

b) Key Managerial Personnel

- Pankaj Agarwal – Managing Director
- Vivek Malhotra – Non-executive director
- Indresh Narain – Non-executive director
- Javed Gaya – Non-executive director
- Guhan Subramanian – Non-executive director (resigned with effect from May 26, 2010)

(c) Transaction with related parties for the year ended March 31, 2011:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Subsidiaries (including step subsidiaries)	
		31 March 2011	31 March 2010
(i)	Income from software and IT-enabled services:		
	a) Mindteck Inc., USA	430,270,253	359,436,971
	b) Mindteck UK Limited	92,196,659	69,095,918
	c) Mindteck Singapore Pte. Limited	3,254,142	4,055,200
	d) Mindteck Middle East Ltd SPC	1,102,822	2,447,593
	e) Mindteck Netherlands	1,163,282	1,087,875
	f) Mindteck Software Malaysia SDN BHD	-	534,234
	Total	527,987,158	436,657,791
(ii)	Reimbursement of expenses incurred on behalf of:		
	a) Mindteck Inc., USA	13,845,672	4,741,129
	b) Mindteck Middle East Ltd SPC	1,067,180	292,971
	c) Mindteck Software Malaysia SDN BHD	592,825	83,975
	d) Mindteck UK Limited	8,951,186	1,630,817
	e) Mindteck Singapore Pte. Limited	1,031,086	83,975
	f) Mindteck Netherlands BV	263,226	245,573
	g) Mindteck Germany GmbH	163,971	175,842
	Total	25,915,146	72,54,282
(iii)	Marketing and sales support costs:		
	a) Mindteck UK Limited	14,204,265	8,354,399
	b) Mindteck Inc., USA	-	23,859,750
	c) Mindteck Singapore Pte. Limited	-	376,668
	d) Mindteck Germany GmbH	-	2,673,550
	Total	14,204,265	35,264,367
(iv)	Reimbursement of expenses incurred by		
	a) Mindteck Inc., USA	12,675,680	3,717,143
	b) Mindteck Singapore Pte Limited	32,076	517,126
	c) Mindteck Middle East	267,303	-
	d) Mindteck UK Limited	479,303	146,558
	e) Mindteck Software Malaysia SDN BHD	-	77,211
	Total	13,454,362	4,458,038
(v)	Provision for other than temporary diminution in the value of investment		
	a) Mindteck BPO Services Private Limited	-	500,000
(vi)	Additional investment in wholly owned subsidiary		
	a) Mindteck Inc., USA	-	99,573,163
(vii)	Service Income included in Miscellaneous income		
	a) Mindteck BPO Services Private Limited	-	427,700

(d) Transaction with Key managerial persons for the year ended March 31, 2011: Amount in Rs

(i) Remuneration to Directors	-	-
(ii) Director's sitting fees :	510,000	640,000

The Company did not have any transaction with the holding Company and the fellow subsidiaries .

(e) The balances receivable from and payable to related parties as at March 31, 2011 are as follows:

Amount in Rs

Sl. No.	Transaction/ nature of relationship	Subsidiaries (including step subsidiaries)	
		31 March 2011	31 March 2010
(i)	Balance (due to)/ due from		
	A) Amounts receivable :		
	a) Mindteck Inc., USA	58,691,927	29,363,183
	b) Mindteck Software Malaysia SDN BHD	-	451,665
	c) Mindteck Middle East Ltd SPC	112,459	2,515,820
	d) Mindteck UK Limited	59,095,370	44,851,036
	e) Mindteck Singapore Pte. Limited	3,368,848	458,463
	f) Mindteck Germany GmbH	-	2,916,575
	Total:	121,268,604	80,556,742
	B) Advances :		
	a) Mindteck Inc., USA	1,535,877	314,198
	b) Mindteck Software Malaysia SDN BHD	587,803	336,823
	c) Mindteck Middle East Ltd SPC	378,089	1,495,434
	d) Mindteck UK Limited	565,780	2,527,292
	e) Mindteck Singapore Pte. Limited	922,534	622,885
	f) Mindteck Netherlands BV	61,407	69,661
	g) Mindteck Germany GmbH	81,333	765,028
	Total:	4,132,823	6,131,321
	C) Amounts payable :		
	a) Mindteck Inc., USA	46,076,833	29,134,730
	b) Mindteck UK Limited	9,215,154	5,165,857
	c) Mindteck Germany GmbH	10,172,706	10,033,570
	d) Mindteck Software Malaysia SDN BHD	73,441	73,217
	e) Mindteck Singapore Pte. Limited	32,233	1,125,510
	Total:	65,570,367	45,532,884

15 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	57,222,005	57,222,005	18,264,636	18,264,636
Shares				
Weighted average number of equity shares outstanding during the year	24,348,593	24,349,727	24,348,593	24,348,593
Weighted average number of equity shares resulting from assumed exercise of employee stock options	134	6,256	-	10,065
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	270,056	-	270,056
Weighted average number of equity shares for calculation of earnings per share	24,348,727	24,625,039	24,348,593	24,628,714

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.

16 AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX)

Amount in Rs

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Audit fees	1,700,000	1,700,000
Tax audit fees	100,000	100,000
Other services	200,000	250,000
Reimbursement of expenses	101,750	126,013
	2,101,750	2,176,013

- 17 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, 2011 has been made in the financials 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.

Particulars	March 31, 2011	March 31, 2010
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.	-	-

18 GRATUITY PLAN

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

Particulars	As at March 31, 2011	As at March 31, 2010
Obligations at beginning of the year	7,401,745	7,297,187
Service cost	2,067,453	1,023,457
Interest cost	509,623	544,981
Benefits paid	(2,034,183)	(656,250)
Actuarial (gain)/loss	87,062	(807,630)
Obligations at end of the year	8,031,700	7,401,745
Change in plan assets		
Plans assets at beginning of the year, at fair value	5,582,750	3,718,637
Expected return on plan assets	381,264	352,761
Actuarial gain/(loss)	62,249	129,612
Contributions	400,279	2,037,990
Benefits paid	(2,034,183)	(656,250)
Plans assets at end of the year, at fair value	4,392,359	5,582,750
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	8,031,700	7,401,745
Fair value of plan assets at the end of the year	(4,392,359)	(5,582,750)
Liability recognized in the balance sheet	3,639,341	1,818,995

Gratuity cost for the year	Year ended March 31, 2011	Year ended March 31, 2010
Service cost	2,067,453	1,023,457
Interest cost	509,623	544,981
Expected return on plan assets	(381,264)	(352,761)
Actuarial (gain)/loss	24,813	(937,242)
Net gratuity cost	2,220,625	278,435
Assumptions		
Interest rate	7.98% p.a.	7.82% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	10.00% p.a.	6.00% p.a.
Attrition rate	28.00% p.a.	20.00% 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.

19 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, 2011 and March 31, 2010 are as follows:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Number of contracts	21	29
Amount in Foreign currency	USD 2,450,000	USD 1,700,000
Amount in Indian Rupees	Rs 110,949,230	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, 2011		Year ended March 31, 2010	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Due from:				
Debtors for services rendered	69,818,311	USD 1,541,743	32,194,839	USD 713,222
	21,138	BHD 176	2,515,820	BHD 20,960
	656,793	EUR 10,288	2,916,575	EUR 48,160
	50,322,035	GBP 693,148	44,851,036	GBP 659,256
	17,071	CHF 348	451,665	RM 32,744
	473,163	SGD 13,189	458,463	SGD 14,239
Advances Recoverable	4,052,812	USD 123,705	3,924,701	USD 84,237
	-	-	389,414	BHD 3,189
	-	-	6,633	EUR 110
	21,138	BHD 176	2,066,152	GBP 30,125
	58,873	SGD 1,641	23,114	SGD 700
Due to: Creditors for services availed	55,599,787	USD 1,227,764	37,756,066	USD 836,421
			516,028	SGD 16,026
	7,762,081	GBP 106,922	5,165,856	GBP 86,731
	2,208,498	EUR 34,593	2,094,934	EUR 34,593

20 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.

21 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 due date, 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.

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

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 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

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, 2011, 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 108,721,786 as at March 31, 2011, total revenue of Rs 238,140,895 and cash flows amounting to Rs 3,395,292 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, 2011;
- 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

Place: Bangalore
Date: 13 May 2011

Supreet Sachdev
Partner
Membership No. 205385

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243,495,930	243,485,930
Equity shares reserved for issuance	15(3)	19,859,926	19,859,926
Reserves and surplus	2	1,018,369,241	920,656,809
		1,281,725,097	1,184,002,665
Loan funds			
Secured loans	3(a)	-	17,356,124
Unsecured loans	3(b)	2,848,727	4,236,040
		1,284,573,824	1,205,594,829
APPLICATION OF FUNDS			
Goodwill	4	867,307,866	865,341,507
Fixed assets			
Gross block	5	181,486,909	200,514,211
Less: Accumulated depreciation		(145,248,937)	(146,741,916)
Net block		36,237,972	53,772,295
Capital work in progress		314,479	-
Deferred tax assets, net	15(6b)	20,646,343	14,830,404
Current assets, loans and advances			
Sundry debtors	6	395,032,990	356,746,833
Cash and bank balances	7	60,753,609	49,875,905
Loans and advances	8	225,744,918	186,419,462
		681,531,517	593,042,200
Current liabilities and provisions			
Current liabilities	9	236,859,612	264,438,322
Provisions	10	84,604,741	56,953,255
Net current assets		360,067,164	271,650,623
		1,284,573,824	1,205,594,829

Significant accounting policies and notes to the accounts 15
The schedules referred to above form an integral part of the consolidated balance sheet.

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

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
INCOME			
Income from software services		2,408,670,241	2,265,401,341
Other income	11	48,140,076	38,088,870
		2,456,810,317	2,303,490,211
EXPENDITURE			
Manpower cost	12	2,031,355,251	1,893,444,441
Operating and administration expenses	13	284,019,417	304,789,814
Finance charges	14	3,752,292	7,131,764
Depreciation (including impairment) [refer schedule 15(16)]	5	23,847,404	39,166,353
Amortisation of goodwill		–	1,400,000
		2,342,974,364	2,245,932,372
Profit before taxation		113,835,953	57,557,839
Taxation			
- Current tax		38,928,070	23,093,165
- MAT credit entitlement for earlier years		(10,715,529)	–
- Deferred tax (credit)/charge		(5,815,939)	947,063
Profit after taxation		91,439,351	33,517,611
Balance in profit and loss account brought forward		24,167,207	(9,350,404)
Add: Effect of consolidation of the Mindteck Employees Welfare Trust		–	–
Amount available for appropriation		115,606,558	24,167,207
Appropriations :			
Dividend		–	–
Corporate dividend tax		–	–
Profit/(loss) in profit and loss account carried forward		115,606,558	24,167,207
Earnings per share ('EPS')	15(11)		
(Equity shares, par value Rs 10 each)			
-Basic		3.76	1.38
-Diluted		3.71	1.36
Weighted average number of shares used in computing earnings per share			
-Basic		24,348,727	24,348,593
-Diluted		24,625,039	24,628,714

Significant accounting policies and notes to the accounts

15

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

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

Supreet Sachdev
Partner
Membership No. : 205385

Place : Bangalore
Date : May 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Cash flow from operating activities		
Profit before taxation	113,835,953	57,557,839
Adjustments for :		
Depreciation (including impairment)	23,847,404	39,166,353
Interest expense	1,336,181	5,367,374
Interest on fixed deposits	(588,111)	(685,509)
Loss on sale of fixed assets	31,658	120,367
Provision no longer required written back	(25,772,181)	(660,511)
Provision for doubtful debts	3,175,796	2,062,260
Bad debts written off	-	368,856
Amortisation of goodwill	-	1,400,000
Operating profit before working capital changes	115,866,700	104,697,029
Decrease/(increase) in sundry debtors	(41,074,271)	159,624,269
(Increase) / decrease in loans and advances	(29,731,096)	(22,470,864)
Decrease/(increase) in current liabilities and provisions	5,051,825	(203,365,460)
Cash generated from operations	50,113,158	38,484,974
Income tax and fringe benefit tax paid	(14,243,062)	(14,959,825)
Net cash generated from operating activities	35,870,096	23,525,149
Cash flow from investing activities		
Purchase of fixed assets	(6,630,066)	(10,162,323)
Proceeds from sale of fixed assets	201,706	129,673
Payment of purchase consideration, net of cash acquired	-	-
Interest received on fixed deposit	588,111	685,509
Net cash generated used in investing activities	(5,840,249)	(9,347,141)
Cash flow from financing activities		
Proceeds from issue of equity shares	27,350	-
Share application money received	-	-
Interest paid on loans	(1,336,181)	(5,367,374)
Proceeds from / (repayment of) secured loans, net	(17,356,124)	(77,312,292)
Repayment of unsecured loans, net	(1,387,313)	(541,987)
Dividend paid (including distribution tax)	(2,770,707)	(518,723)
Net cash generated from/(used in) financing activities	(22,822,975)	(83,740,376)
Net increase/(decrease) in cash and cash equivalents	7,206,872	(69,562,368)
Effect of exchange rate changes	3,670,832	(7,393,056)
Cash and cash equivalents at the beginning of the year	49,875,905	126,831,329
Cash and cash equivalents at the end of the year	60,753,609	49,875,905

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)

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 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Suresh Rao V R
Group CFO

Place : Bangalore
Date : May 13, 2011

Vivek Malhotra
Director

Usha T N
Company Secretary

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 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		
24,765,593 (previous year 24,764,593) equity shares of Rs 10 each fully paid-up	247,655,930	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 (5b)]	(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.		
	243,495,930	243,485,930

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 2 RESERVES AND SURPLUS		
Capital reserve	86,726,769	86,726,769
Securities premium		
At the commencement of the year	1,018,030,502	1,018,030,502
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [Refer Schedule 15 (5b)]	(36,240,000)	(36,240,000)
	981,790,502	981,790,502
Additions during the year		
- On allotment of shares pursuant to the Mindteck Employees Stock Option Scheme, 2005	17,350	-
	981,807,852	981,790,502
Foreign currency translation reserve	(14,286,931)	(20,542,662)
Balance in profit and loss account	115,606,558	24,167,207
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)
	1,018,369,241	920,656,809
SCHEDULE - 3 (a) SECURED LOANS		
From scheduled bank		
- Cash credit facility ^	-	7,079,036
- 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.]		
	-	17,356,124
SCHEDULE - 3 (b) UNSECURED LOANS		
Factoring facility [Refer Schedule 15(14)]	2,848,727	4,236,040
	2,848,727	4,236,040

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 4		
GOODWILL		
Goodwill arising on consolidation	848,129,043	848,129,043
Goodwill - purchased or arising on amalgamation		
Balance brought forward	108,467,106	109,602,027
Additions/adjustments during the year	1,966,359	(1,134,921)
	110,433,465	108,467,106
Amortisation		
Balance brought forward	(91,254,642)	(89,854,642)
During the year	-	(1,400,000)
	(91,254,642)	(91,254,642)
Goodwill - purchased or arising on amalgamation, net	19,178,823	17,212,464
	867,307,866	865,341,507

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE-5 – FIXED ASSETS

(Rs)

Assets	Gross Block				Accumulated Depreciation			Net block	
	As at April 1, 2010	Additions / Adjustments during the year ^	Deletions / Adjustments during the year	As at March 31, 2011	As at April 1, 2010	Charge for the year	Deletions / Adjustments during the year^	As at March 31, 2011	As at March 31, 2010
Intangible assets, owned:									
Computer software	50,169,455	2,250,481	11,685,632	40,734,304	41,296,726	3,462,998	11,138,950	7,113,530	8,872,729
Tangible assets, owned:									
Computer equipment	85,709,204	3,665,152	12,150,738	77,223,618	69,253,776	11,550,075	11,659,044	8,078,811	16,455,428
Office equipment	15,497,310	729,385	2,355,214	13,871,481	10,556,958	2,199,289	2,306,962	3,422,196	4,940,352
Furniture and fixtures	22,611,993	325,520	564,536	22,372,977	16,500,254	2,276,899	269,103	3,864,927	6,111,739
Vehicles	877,692	(1,548)	-	876,144	310,069	154,289	1,073	412,859	567,623
Buildings	10,156,520	-	-	10,156,520	1,831,294	165,551	-	8,159,675	8,325,226
Leasehold improvements	15,492,037	759,828	-	16,251,865	6,992,839	4,038,303	(34,749)	5,185,974	8,499,198
	200,514,211	7,728,818	26,756,120	181,486,909	146,741,916	23,847,404	25,340,383	36,237,972	53,772,295
Previous year	225,426,412	(8,597,203)	16,314,998	200,514,211	133,280,155	39,166,353*	25,704,592	146,741,916	53,772,295

^ - 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(16)]

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	2,024,546	1,505,375
Considered doubtful	6,533,039	3,419,291
	8,557,585	4,924,666
Others debts		
Considered good	393,008,444	355,241,458
Considered doubtful	-	325,634
	401,566,029	360,491,758
Less : Provision for doubtful debts	6,533,039	3,744,925
	395,032,990	356,746,833
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on hand	180,375	119,268
Balances with banks:		
- In current accounts	50,996,288	40,690,816
- In deposit accounts	4,576,946	4,065,821
- In margin money account	5,000,000	5,000,000
	60,753,609	49,875,905
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	4,107,744	2,898,436
- Prepaid expenses	7,990,325	8,590,284
- Other advances	11,181,650	10,446,600
- Service tax input credit	33,394,105	23,135,727
Advance income tax and tax deducted at source	27,095,792	17,501,432
MAT credit entitlement for earlier years	10,715,529	-
Deposits with government bodies	472,872	341,705
Other deposits	36,417,087	64,081,142
Unbilled revenue	94,369,814	59,424,136
	225,744,918	186,419,462

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE - 9		
CURRENT LIABILITIES		
Sundry creditors	211,706,311	219,749,534
Book overdraft	2,831,583	-
Deposits	2,132,101	23,398,248
Unclaimed dividends	322,446	3,093,153
Unearned income	1,576,626	256,893
Other liabilities	18,290,545	17,940,494
	236,859,612	264,438,322
SCHEDULE - 10		
PROVISIONS		
Provision for compensated absences	22,675,039	20,407,738
Provision for gratuity [Refer Schedule 15(12)]	3,639,341	1,818,995
Provision for income taxes	58,290,361	34,726,522
	84,604,741	56,953,255

SCHEDULES ANNEXED AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
SCHEDULE - 11		
OTHER INCOME		
Interest-from banks		
[tax deducted at source Rs 56,968 (previous year Rs 78,927)]	588,111	685,509
Provision no longer required, written back [refer schedule 15(15)]	25,772,181	660,511
Rental income [tax deducted at source Rs 1,772,863 (previous year Rs 5,345,156)]	17,239,815	34,822,057
Foreign exchange gain, net	3,628,270	-
Miscellaneous income	911,699	1,920,793
	48,140,076	38,088,870
SCHEDULE - 12		
MANPOWER COST		
Salaries and allowances	1,231,405,973	1,121,533,569
Contribution to provident and other funds	84,223,354	78,776,614
Staff welfare expenses	47,508,288	47,749,160
Consultancy charges	668,217,636	645,385,098
	2,031,355,251	1,893,444,441
SCHEDULE - 13		
OPERATING AND ADMINISTRATION EXPENSES		
Rent	87,148,030	106,821,617
Hiring charges	8,930,375	9,570,072
Travelling	62,377,347	40,830,154
Professional charges	34,437,180	39,165,860
Foreign exchange loss, net	-	23,595,035
Communication	18,928,888	18,196,977
Electricity	12,446,183	11,756,076
Membership and subscription	15,728,133	10,883,579
Rates and taxes	7,145,279	7,552,593
Repairs and maintenance-building	234,962	660,438
Repairs and maintenance-others	11,403,850	6,359,349
Insurance premium	4,032,551	4,630,334
Remuneration to auditors	3,927,443	4,075,878
Printing and stationery	2,155,816	3,777,980
Provision for doubtful debts	3,175,796	2,062,260
Recruitment expenses	3,733,809	1,134,628
Bad debts written off	-	368,856
Loss on sale of fixed asset, net	31,658	120,367
Miscellaneous expenses	8,182,117	13,227,761
	284,019,417	304,789,814
SCHEDULE - 14		
FINANCE CHARGES		
Interest on working capital loans	1,336,181	5,367,374
Bank charges	2,416,111	1,764,390
	3,752,292	7,131,764

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 15 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

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 energy management software solutions.

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

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

The Group has four global delivery centers located in the United State of America, India, Malaysia 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, and Germany. 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, 2011

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 a 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 that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life of fixed assets as follows:

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 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 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.

2.12 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.

2.13 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.

2.14 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

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') and other requirements by these shareholders. The submission of PAN is a pre-requisite to complete the allotment of shares.

The Shareholders of Chendle Holding are pursuing for getting PAN and upon receiving the PAN, the Company would allot the shares to these shareholders.

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, 2011 Mindteck BPO had filed an application with the Registrar of Companies for striking its name off the register. MCA vide its letter dated February 9, 2011 had intimated the Company that the application was approved for dissolution under Section 560(3) of the Companies Act. Subsequently, the Company's name was struck off in the Register of Companies and the Company was dissolved with effect from April 6, 2011.

5 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, 2011, the Company has granted 10,200 options on November 10, 2010 at an exercise price of Rs.40.40 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, 2011		Year ended March 31, 2010	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	310,567	43.23	388,301	49.35
Granted during the year	10,200	40.40	85,200	22.87
Exercised during the year	1,000	27.50	-	-
Forfeited during the year	99,600	37.21	162,934	47.17
Lapsed during the year	51,300	63.85	-	-
Options outstanding at the end of the year	168,867	40.44	310,567	43.23
Options exercisable at the end of the year	139,334	42.63	192,267	49.68

The weighted average remaining contractual life of the options outstanding as at March 31, 2011 is 3.89 years (previous year 4.49 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, 2011 would have been Rs 91,594,957 (previous year Rs 33,268,935) i.e. higher by Rs 155,606 (previous year lower by Rs 248,676) and the basic and diluted respectively. EPS for the year would have been Rs 3.76 and Rs 3.72 (previous year Rs 1.37 and Rs 1.35)

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.

6 PROVISION FOR TAXATION

- a) Provision for income tax for the year relates to income tax on taxable income of the Company by applying the provisions of the Income Tax Act, 1961 and on taxable income of the foreign subsidiaries calculated in accordance with the relevant tax regulations in those respective jurisdictions. The Company has recognized

the MAT credit assets of earlier years aggregating to INR 11,324,462 as the Company meets the recognition criteria in a view of availability of sufficient taxable income.

b) Deferred taxes

Amount in Rs

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred tax liability		
Excess of depreciation allowable under income tax law over depreciation provided in accounts	(14,524,732)	(6,443,456)
Deferred tax asset		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	19,121,352	7,942,544
Carry forward losses restricted to the extent of deferred tax liability*	-	2,866,382
Provision for doubtful debts	876,832	1,030,253
Provision for expenses	5,100,424	9,434,681
Provision for compensated absences	8,863,569	-
Provision for gratuity	1,208,898	-
Net deferred tax asset	20,646,343	14,830,404

*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. During the current year, the Company has utilized its carry forward business loss and hence deferred tax asset is created based on reasonable certainty.

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.

7 CONTINGENT LIABILITIES AND COMMITMENTS

- a) Guarantees given by the Company's bankers as at March 31, 2011 is Rs Nil (previous year: Rs Nil).

- b) Corporate Guarantee of Rs 181,141,600 i.e. USD 4 million (previous year: Rs 180,560,000 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.
- c) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2011 is Rs Nil (previous year: Rs 75,240)
- d) Claims against the Company not acknowledged as debt as at March 31, 2011 is Rs Nil (previous year: Rs Nil).
- e) Income tax matter aggregating to INR 35,747,102 (previous year: INR 15,590,456) are pending at various forums. The management believes that the Company has a good case to defend and no liability is expected in this regard.

8 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, 2011	Year ended March 31, 2010
- USA	2,069,736,176	1,992,547,182
- India	14,108,185	523,586
- Rest of the world	324,825,880	272,330,573
Total	2,408,670,241	2,265,401,341

9 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, 2011 amounted to Rs. 51,179,163 (previous year Rs 66,181,433).

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

Amount in Rs

Lease obligations	As at March 31, 2011	As at March 31, 2010
Payable not later than one year	15,531,496	34,528,529
Payable later than one year and not later than five years	27,906,905	52,159,827
Payable later than five years	—	—

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, 2011 was Rs 35,968,867 (previous year Rs 40,640,184).

Rental income from sub-leasing of office facilities during the year ended March 31, 2011 was Rs 17,239,815 (previous year Rs 34,822,057).

10 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) Mindteck Employee Welfare Trust ('MEWT')

b) Key managerial personnel

- Pankaj Agarwal – Managing Director
- Vivek Malhotra – Non-Executive/Independent Director
- Indresh Narain – Non-Executive/Independent Director
- Javed Gaya – Non-Executive/Independent Director
- Guhan Subramaniam – Non-Executive/Independent Director (resigned w.e.f May 26, 2010)

c) Transaction with related parties for the year ended March 31, 2011:

				Amount in Rs
Sl. No.	Transaction/ nature of relationship	Holding Companies	Key management personnel	Total
(i)	Remuneration to key managerial personnel	-	20,836,962	20,836,962
(ii)	Director's sitting fees	-	510,000	510,000

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

				Amount in Rs
Sl. No.	Transaction/ nature of relationship	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

(e) The balances receivable from and payable to related parties as at March 31, 2011 and as at March 31, 2010 are Nil.

11 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit/(loss) after taxation (Rs)	91,439,351	91,439,351	33,517,611	33,517,611
Shares				
Weighted average number of equity shares outstanding during the year	24,348,593	24,348,727	24,348,593	24,348,593
Weighted average number of equity shares resulting from assumed exercise of employee stock options	134	6,256	-	10,065
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	270,056	-	270,056
Weighted average number of equity shares for calculation of earnings per share	24,348,727	24,625,039	24,348,593	24,628,714

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.

12 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, 2011	As at March 31, 2010
Obligations at beginning of the year	7,401,745	7,297,187
Service cost	2,067,453	1,023,457
Interest cost	509,623	544,981
Benefits paid	(2,034,183)	(656,250)
Actuarial (gain) / loss	87,062	(807,630)
Obligations at end of the year	8,031,700	7,401,745
Change in plan assets		
Plans assets at beginning of the year, at fair value	5,582,750	3,718,637
Expected return on plan assets	381,264	352,761
Actuarial gain/(loss)	62,249	129,612
Contributions	400,279	2,037,990
Benefits paid	(2,034,183)	(656,250)
Plans assets at end of the year, at fair value	4,392,359	5,582,750
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	8,031,700	7,401,745
Fair value of plan assets at the end of the year	(4,392,359)	(5,582,750)
Liability recognized in the balance sheet	3,639,341	1,818,995
Gratuity cost for the year		
Service cost	2,067,453	1,023,457
Interest cost	509,623	544,981
Expected return on plan assets	(381,264)	(352,761)
Actuarial (gain)/loss	24,813	(937,242)
Net gratuity cost	2,220,625	278,435
Assumptions		
Interest rate	7.98% p.a.	7.82% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	10.00% p.a.	6.00% p.a.
Attrition rate	28.00% p.a.	20.00% 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.

13 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 31 March 2011 and 31 March 2010 are as follows:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Number of contracts	21	29
Amount in Foreign currency	USD 2,450,000	USD 1,700,000
Amount in India Rupees	Rs 110,949,230	Rs 80,501,000

14 SHORT TERM FINANCING

As at March 31, 2011, certain trade accounts receivables amounting to Rs 2,848,727 (previous year Rs 4,236,040) 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 0.5%) 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.

- 15 Provision no longer required written back includes write-back of liability towards a legal claim, no longer required, pursuant to adjudication in favour of the Company. Further, it also includes write back of tax and dividend payable in a foreign jurisdiction which is relating to earlier periods.

Particulars	Amount (in Rs.)
Legal claim	12,671,141
Tax and dividend payable in a foreign jurisdiction	9,666,398

- 16 Depreciation for the year ended March 31, 2010 includes a provision for impairment on 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.

- 17 Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

for B S R & Company

Chartered Accountants

Registration number : 128032W

Supreet Sachdev

Partner

Membership No. : 205385

Place : Bangalore

Date : May 13, 2011

for Mindteck (India) Limited

Pankaj Agarwal

Managing Director

Suresh Rao V R

Group CFO

Place : Bangalore

Date : May 13, 2011

Vivek Malhotra

Director

Usha T N

Company Secretary

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 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 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011
3 Date from which it became a subsidiary	1st February 2008	12th July 2005	22nd December 2005	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	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 (Note 2)	180 Share of Euros 100 each (Note 2)
b) Extend of holding	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 2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Profit	Loss	Profit	Loss	Profit		Profit	Loss
b) Not dealt with the accounts of the company for the year ended 31st March 2011	340.12	5.23	68.66	133.07	90.11	Nil	7.44	13.21
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 2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Loss	Profit	Profit	Loss	Profit		Profit	Loss
b) Not dealt with in the accounts of the company for the year ended 31st March 2011	421.29	39.97	75.71	111.80	8.51	Nil	2.90	11.67
7 Conversion rates used for translating the								
a) Profit and Loss account	45.62	120.34	14.49	34.26	70.94	45.62	60.31	60.31
b) Balance Sheet	45.29	119.77	14.95	35.88	72.60	45.29	63.84	63.84

Note 1: Includes shares held through Chendle Holding Ltd.

Note 2: Shares held through Mindteck UK Limited

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director & CEO

Vivek Malhotra
Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 13, 2011

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 (Reserves available for share holders)	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed dividend
Mindteck Inc	8.20	(27.24)	1,988.73	1,988.73	Nil	20,725.62	547.52	207.40	340.12	Nil
Mindteck Middle East Ltd.	57.51	(83.00)	58.24	58.24	Nil	341.06	(5.23)	Nil	(5.23)	Nil
Mindteck Software Malaysia SDN BDH	30.16	75.71	105.88	105.88	Nil	661.27	68.66	Nil	68.66	Nil
Mindteck Singapore Pte. Ltd.	380.47	1.48	410.44	410.44	Nil	967.56	(133.07)	Nil	(133.07)	Nil
Mindteck UK Ltd.	772.07	(874.05)	(101.97)	(101.97)	26.63	1,659.66	90.11	Nil	90.11	Nil
Chendle Holdings Ltd.	0.00	-	200.30	200.30	200.30	Nil	Nil	Nil	Nil	Nil
Mindteck Germany GmbH	16.22	2.90	67.81	67.81	Nil	261.51	7.44	Nil	7.44	Nil
Mindteck Netherlands B.V.	10.41	(11.67)	1.19	1.19	Nil	12.76	(11.77)	1.44	(13.21)	Nil

for Mindteck (India) Limited

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 13, 2011

Dear Shareholder,

Green Initiative

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative" by allowing paperless compliances by the companies through electronic mode.

We, at Mindteck, believe in Going Green and would like to avail this opportunity for sending all future correspondence such as Notices, Annual Reports, Financial Statements and all other statutory documents in electronic mode. The documents sent to you in electronic mode shall also be available on the Company's website www.mindteck.com.

You are requested to register/update changes of your e-mail address with your depository participant or with Universal Capital Securities Pvt. Ltd, our STA (mindteck.investors@uniseq.in) or to the Company (usha.tnram@mindteck.com) to ensure receipt of future communications and avoid loss and delays in postal transit.

Please note, as a valued shareholder, you are always entitled to request and receive, free of cost, a printed copy of the Annual Report of the Company and all other documents. If you wish to receive future communications in physical form, please inform by writing to us at usha.tnram@mindteck.com or to the Registered Office of the Company. In case you do not communicate your preference of receiving the documents in physical form, it shall be deemed that you have consented to receive the same in electronic mode by e-mail.

We solicit your patronage and support in helping the Company to implement the Green Initiatives of the Government.

Thanking you,

Yours faithfully,

For **Mindteck (India) Limited**

Usha TN
Vice President – Legal and Secretarial

**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	31.03.2011
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	1,431,061
	Total Assets	1,431,061
	Sources of Funds	
	Paid up Capital	243,496
	Equity shares reserve for issuance	19,860
	Reserves & Surplus	1,167,705
	Secured Loans	Nil
	Unsecured Loans	Nil
	Application of Funds	
	Net Fixed Assets	22,928
	Investments	1,231,291
	Goodwill	Nil
	Deferred Tax Assets, net	2,993
	Net Current Assets	287,821
	Misc. Expenditure	Nil
	Accumulated Losses	Nil
IV	Performance of the Company	
	Turnover	542,095
	Total Expenditure	505,560
	Profit Before Tax	58,735
	Profit After Tax	57,222
	Earnings per Share (Rs.)	2.35
	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

Pankaj Agarwal
Managing Director

Vivek Malhotra
Director

Suresh Rao V R
Group CFO

Usha T N
Company Secretary

Place : Bangalore
Date : May 13, 2011

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Members of Mindteck (India) Limited will be held on Thursday, September 22, 2011 at 3.00 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, 2011 and the Profit & Loss Account for the financial year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Indresh Narain, 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 a 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 a Special Resolution:-

RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including the rules and regulations there under and any statutory modifications, amendments or re-enactments of the Principal Act or of such Rules and Regulations for the time being in force) and in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, and such other statutes, notifications, rules and regulations as may be applicable and relevant, issued by the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be applicable, including the enabling provisions of the Listing Agreements entered into by the Company with the relevant Stock Exchanges and the provisions of the Memorandum of Association and the Articles of Association of the Company and any and all other concerned and relevant authorities to the extent applicable, from time to time and subject to such approvals, consents, permissions and sanctions of SEBI and any and all other appropriate authorities, institutions or bodies including the approval of the shareholders, as may be required, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (the "Board", which expression shall be deemed to include person(s) authorised or any committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby

authorized, on behalf of the Company to create, offer, issue and allot, 102,879 (One Lakh Two Thousand Eight Hundred and Seventy Nine) Equity Shares of Rs. 10/- (Rupees Ten only) each to the independent shareholders of Chendle Holdings Ltd., on private/preferential placement basis and on stock swap basis.

RESOLVED FURTHER THAT

- (i) The Equity Shares so offered and allotted to the independent shareholders of Chendle Holdings Limited shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company.
- (ii) The Equity Shares shall rank pari passu in all respects with the existing Equity Shares of the Company, including entitlements to Dividend.
- (iii) The Board or committee thereof be and is hereby authorized and directed for the purpose of giving effect to the foregoing resolutions to execute such deeds, documents and agreements and finalize the other terms and conditions of the issue of the Equity Shares as it may deem expedient and to do all such acts, deeds, matters and things as it in its sole discretion may deem necessary or desirable without being required to seek any further consent or approval of the Company in General Meeting and with power on behalf of the Company to settle any question, difficulty or doubt that may arise in this regard as it may in its absolute discretion deem fit and proper, including without limitation the power to agree to any amendment, alteration or modification to the terms of the investment and the issue of Equity Shares.
- (iv) The offer, issue and allotment of the aforesaid shares on stock swap basis shall be made within 15 (Fifteen) days of the date of this resolution approved by the shareholders in their Meeting to be held on September 22, 2011. Provided that where the allotment is pending on account of pendency of any regulatory or Central Government approval(s), the allotment shall be completed within 15 (Fifteen) days of such approval(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or a Committee thereof, or to any officer or officers of the Company to give effect to this resolution.

RESOLVED FURTHER THAT any Director or the Company Secretary, be and is hereby severally authorized on behalf of the Board to file all requisite forms with the Registrar of Companies, execute such documents and applications and do all such acts, things, deeds as may be required in connection with the foregoing.

BY ORDER OF THE BOARD
For Mindteck (India) Limited

Usha T N
VP, Legal & Company Secretary

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

Date: August 11, 2011

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 intending to depute their authorized representatives to attend the Annual General Meeting 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, 1956, the Register of Members and Share Transfer Books will be closed from Monday, September 12, 2011 to Thursday, September 22, 2011, (both days inclusive), for the purposes of Annual General Meeting.
6. The Register of Directors' shareholding maintained by the Company under Section 307 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 holding shares in dematerialized form are requested to intimate all changes pertaining to their updated e-mail id's, bank details, Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and their RTA's to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to their RTA, Universal Capital Securities Private Limited (formerly 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 or send email to gamare@unisec.in
9. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with the physical shares and for ease in portfolio management. 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.
10. Members intending to seek explanation/clarification/copy of any document at the meeting about the information contained in Annual Report or copies of financials of subsidiaries can write to the Company Secretary. The copies of financials of subsidiary will also be available for inspection by the members at the Registered Office of the Company.
11. Pursuant to proviso 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. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

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. Indresh Narain as Director of the Company

Details of Directors to be re-appointed at the Annual General Meeting to be held on September 22, 2011.

Name of the Director	Mr. Indresh Narain
Date of Appointment / Last Re-appointment	Date of appointment is 24/03/2009
Brief Resume and nature of expertise in specific functional areas	Mr. Narain is a retired Banker. He has spent over 35 years working with HSBC in various capacities, including Personal and Corporate Banking, Wealth Management, Asset Recovery, Corporate Finance and Human Resources at Regional and Head Office levels. He was a Head of Compliance and Legal, HSBC Group India between 1999 and 2005. He was also a member of the Assets & Liabilities Committee (ALCO) - the Apex Management Committee for the Group, and a Member of the Corporate Governance and Audit Committees.
List of other Indian Companies in which directorship is held	Cholamandalam Investment & Finance Co. Ltd. Dhanuka Agritech Ltd. Intex Technologies Ltd.
Chairman / Member of the Committee(s) of Board of Directors of the Company	He is the Chairman of Corporate Governance Committee and Administrative Committee. He is also a member of the Audit Committee and Shareholders'/Investors 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 AND SEBI GUIDELINES FOR PREFERENTIAL ISSUE (CHAPTER VII OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009).

Item No. 4 – Power to issue shares

The Company's shareholders had in their Extra-Ordinary General Meeting held on February 5, 2008, passed a special resolution under Section 372A of the Companies Act, 1956 approving the simultaneous investment/acquisition of the 100% issued and paid up capital of Chendle Holdings Ltd. (CHL).

The Company had also obtained the necessary Foreign Investment Promotion Board (FIPB) approval on September 7, 2007 for the 100% acquisition of CHL as required by Reserve Bank of India (RBI). Further, the Company obtained the necessary in-principle approval for listing of the shares on the Bombay Stock Exchange Limited (BSE), entered into Stock Purchase Agreement with the shareholders of CHL and acquired the entire share capital of CHL effective April 1, 2008 on stock swap basis.

Accordingly, Mindteck had issued the shares on stock swap basis over a period of time. However, could not issue 270,056 shares due to non availability of Permanent Account Number (PAN) of the investors. As per regulation No. 13.1C of Security Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the preferential shares can be allotted only to those who have PAN in India and can be issued only in electronic form. Presently, as few investors having obtained PAN, it is proposed to allot the shares which were reserved for allotment to them.

Disclosures in terms of Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are given as under:

(a) The objects of the issue through preferential offer:

To issue and allot equity shares to the shareholders of Chendle Holdings Ltd., on its acquisition by the Company on a stock swap basis.

(b) The intention of the promoters/directors/key management persons to subscribe to the offer:

None of the above mentioned categories will subscribe to the shares.

(c) Shareholding pattern of the Company before and after the proposed issue of Equity Shares, pursuant to the resolution:

Category of Shareholders	Pre-Allotment		Post- Allotment	
	Holding	%age	Holding	%age
(i) Promoter Group	16,169,857	65.29%	16,169,857	65.02%
(ii) Directors	1,200,000	4.85%	1,200,000	4.83%
(iii) Mindteck Employees Welfare Trust	416,000	1.68%	416,000	1.67%
(iv) Mindteck Investors Trust	775,497	3.13%	775,497	3.12%
(v) Independent shareholders of Chendle Holdings Ltd - Existing - Proposed Allottees	192,897	0.78%	192,897 102,879	0.78% 0.41%
(vi) General Public	6,011,342	24.27%	6,011,342	24.17%
TOTAL	24,765,593	100.00%	24,868,472	100.00%

(d) Proposed time within which allotment will be completed:

The allotment of the equity shares shall be made within 15 (Fifteen) days of the date of passing this resolution. Provided that where the allotment is pending on account of pendency of any regulatory or Central Government approval(s), the allotment shall be completed within 15 (Fifteen) days from the date of such approval(s), as the case may be.

(e) Identity of the proposed allottees and the percentage of post preferential issued capital that may be held by the said allottees:

Identity of proposed allottees	No. of Equity Shares to be allotted	% of post issue Equity Capital
1. Arwani Trading Company.	64,299	0.26
2. Mr. A Rama Krishna Hari* – Legal heirs – Vinod Hari, Prema Hari, Veena Hari and Vidhya Hari.	25,720	0.10
3. Wali for Economics** – Legal representatives - Mr. Abdul Kader Wali and Mrs. Riyad Spai	12,860	0.05

* Due to the demise of Mr. Rama Krishna Hari, it is proposed to allot the shares to his legal heirs in equal proportions as per the succession certificate.

** Wali for Economics has been dissolved; hence it is proposed to allot the shares to the legal representatives.

(f) Auditor's Certificate:

The Statutory Auditors Certificate that the above preferential issue is in accordance with the SEBI Regulations will be kept open for inspection at the registered office of the Company during working hours between 9.30 a.m. and 5.00 p.m except on holidays up to the date of the Annual General Meeting. Copies of the above mentioned Certificate shall also be laid before the Annual General Meeting.

The Board recommends the Special resolution as set out in Item No. 4 for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

BY ORDER OF THE BOARD
For Mindteck (India) Limited

(g) It is not required to re-compute the price as the shares were issued on stock swap basis. Also, none of these shares are issued to any promoter, their relatives, associates or related entities.

The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchange.

Usha T N
VP, Legal & Company Secretary

Registered Office:
16/3, Cambridge Road,
Ulsoor, Bangalore 560 008.
Date: August 11, 2011

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 Twentieth Annual General Meeting of the Company.

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

Date: .

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 districtto or failing him/her,
Mr./Mrs..... of in the districtas my/our proxy to attend
and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday September
22, 2011 at 3 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 2011

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.

Awards and Recognitions

Deloitte.

Technology Fast500
Asia Pacific 2010 Winner

Deloitte.

Technology Fast50
India 2010 Winner

Deloitte.

Technology Fast500
Asia Pacific 2009 Winner

Deloitte.

Technology Fast50
India 2009 Winner

Deloitte.

Technology Fast500
Asia Pacific 2008 Winner

Deloitte.

Technology Fast50
India 2008 Winner



Quality Certifications

- ISO 9001:2008
- ISO 27001:2005
- ISO 13485:2003
- CMMi Level 5 certification in 2007
(currently undergoing revision to CMMi version 1.2.)

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
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Fax: 1 717 732 2927

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Singapore

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#05-09 PSA Tanjong
Pagar Complex
Singapore 089055
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Fax: 65 62254517

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Fax: +603 8322 2562

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Diplomatic Area
PO Box 10795, Manama
Kingdom of Bahrain
Tel: 973 17 534469
Fax: 973 17 536332