



# Annual Report 2012-13



In December 2012  
we moved to a larger, dedicated facility  
in Koramangala, a locality in the center  
of Bengaluru's business district.

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## Board of Directors



**Yusuf Lanewala**  
Managing Director  
and Group CEO



**Javed Gaya**  
Non-Executive  
Independent Director



**Narayan A. Menon**  
Non-Executive  
Independent Director



**Jagdish Malkani**  
Non-Executive  
Independent Director

**Wayne Berkowitz**  
Managing Director & CEO  
(Ceased to be Managing Director & CEO w.e.f. June 11, 2013)

**Indresh Narain**  
Non-Executive Independent Director  
(Ceased to be a Director w.e.f. November 9, 2012)

## Company Secretary

**Shivarama Adiga S.**  
Associate Vice President,  
Legal and Company Secretary

**Usha T.N.**  
Vice President, Legal and Company Secretary  
(Ceased to be VP, Legal & Company Secretary w.e.f. May 10, 2013)

## Registered Office

**Mindteck (India) Limited**  
Prestige Atlanta, No.10, Industrial Layout  
7th Main, 80 Feet Road, 3rd Block, Koramangala  
Bengaluru-560 034, India  
Tel: 91 80 4154 8000  
Fax: 91 80 4112 5813

## Auditors

**BSR & Company**

## Bankers

**Axis Bank Ltd.**

## Registrars and Share Transfer Agents

**Universal Capital Securities Private Limited**  
21, Shakil Niwas, Opp. Satya Saibaba Temple  
Mahakali Caves Road, Andheri (E)  
Mumbai-400 093, India  
Tel: 91 22 28207203-05; Fax: 91 22 28207207

## LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to write to you as your new Managing Director and Group CEO and present the financial statements for the year ended March 31, 2013.

It gives me great pleasure to announce that Mindteck returned to profitability in 2013. The year was one of recovery wherein we focused, and remain so, on optimizing cost efficiencies, strengthening our sales and delivery teams, building partnerships and ensuring delivery of compelling value to our customers. This resulted in achieving revenue of Rs. 264.32 crore as compared to Rs. 222.62 crore in the same period last year, representing an increase of 19%, while profitability increased to Rs. 1.06 crore compared to a loss of Rs. 5.06 crore the previous year.

Our business focus continues to remain in High Tech, Life Sciences, IT Services and Talent Acquisition and Management Services. Some signs of recovery in the US, the market which generates the majority of our revenue, has resulted in increased customer spend providing traction in several key areas such as smart energy, cloud services, enterprise mobility, electronic design and storage testing. We also made strong inroads expanding our client base and deepening existing relationships.

As we provide very critical components to enhance the value proposition and competitive edge of our clients, we are also witnessing the value our clients perceive in the relationship with us.

Some of the important achievements of the year include:

- Seamlessly moving into our new corporate office and delivery facility in Bengaluru's Koramangala area. This facility has improved lab facilities, a more conducive work environment and a footprint large enough to increase capacity by at least 50%.
- Winning two more highly renowned clients: A global Fortune 500 financial services company and a leading Japanese power and infrastructure company.
- Securing a high-level, regulatory-related engagement with an existing client.
- Development of an energy monitoring and analytics enterprise application, as well as a laboratory intelligence enterprise tool.
- Design and development of a wireless evaluation board.



Yusuf Lanewala has been a Non-Executive Independent Director at Mindteck (India) Limited since February 13, 2013. He is presently serving as Managing Director and Group CEO until such time that the Board identifies and appoints an individual to fill the role vacated by Mr. Wayne Berkowitz, whose term as Managing Director and CEO ended on June 11, 2013.

Mr. Lanewala is a seasoned IT Strategy and Management professional with 35 years of global industry experience. Since starting his professional career with Price Waterhouse, Mr. Lanewala has held leadership positions with several leading IT services companies. He served as CEO for Malomatia QSC, a 100% subsidiary of the Qatar's Supreme Council of Information and Communications Technology (ictQatar) from 2008 till 2009. Thereafter, as an Independent Consultant, Mr. Lanewala has advised several IT services companies in business strategy, and has also consulted for several financial institutions. He has been closely involved with various industry associations and is presently the Chairman of the IT Committee of The Maharashtra Chamber of Commerce, Industries and Agriculture (MACCIA). He is also one of the Founding Directors of The Business Process Council.

As I write, our order book is healthy and we continue to strive towards ensuring greater penetration into new accounts as well as increasing business from existing customers. Building on these efforts, coupled with creating a knowledge-driven environment, will enable us to fuel growth with an eye toward becoming a market leader.

Our focus going forward will be to strive toward achieving sustained, predictable and profitable growth; to continue improving our delivery processes; to forge strong partnerships for new products and services as well as to expand our geographical reach; last but not least, to build value for our stakeholders.

Though my role expanded only a short while ago under unprecedented circumstances, I have been warmed by the welcome I have

received and am excited about the company's momentum and potential that lies ahead. Mindteck has great people and does great work for an impressive roster of renowned companies. Being at the helm to lead it forward at this time is exciting and I'm very humbled by the opportunity.

On behalf of my fellow Board Members, I would like to thank our shareholders for their unwavering support, our clients and partners for their continued confidence and our employees for their dedication.

Yusuf Lanewala  
Managing Director and Group CEO

# DIRECTORS' REPORT

To the Members,

The Directors hereby present the Twenty-Second Annual Report on our business and operations for the year ended March 31, 2013.

## 1. Results of Operations

Rs. in million

	Standalone		Consolidated	
	Year ended 31-Mar-13	Year ended 31-Mar-12	Year ended 31-Mar-13	Year ended 31-Mar-12
Revenue from operations	<b>580.38</b>	560.70	<b>2,643.17</b>	2,226.24
Other income	<b>3.86</b>	3.62	<b>14.49</b>	5.69
Employee benefits expenses	<b>364.14</b>	336.96	<b>1,813.26</b>	1,471.22
Cost of technical sub-contractors	<b>11.90</b>	11.87	<b>495.16</b>	471.23
Other expenses	<b>168.40</b>	190.04	<b>308.30</b>	300.88
<b>Profit/(Loss) before finance costs, depreciation, taxes and amortization</b>	<b>39.80</b>	<b>25.45</b>	<b>40.94</b>	<b>(11.40)</b>
Finance costs	<b>2.27</b>	0.93	<b>4.96</b>	3.08
Depreciation and amortization expense	<b>4.69</b>	8.59	<b>10.78</b>	16.81
<b>Profit/(Loss) before tax expense</b>	<b>32.84</b>	<b>15.93</b>	<b>25.20</b>	<b>(31.29)</b>
Tax expense	<b>15.04</b>	8.53	<b>14.61</b>	19.29
<b>Profit/(Loss) after tax</b>	<b>17.80</b>	<b>7.40</b>	<b>10.59</b>	<b>(50.58)</b>
Paid-up Equity Share Capital	<b>245.17</b>	244.52	<b>245.17</b>	244.52
Earning/(Loss) Per Share (EPS)	<b>0.73</b>	0.30	<b>0.43</b>	(2.07)

## 2. Business

During the year under review your Company recorded consolidated revenue of Rs 2,643.17 million as against Rs 2,226.24 million in the previous year registering a positive growth of 19% in revenue. In US dollar terms, the revenue grew by 6%. Of the revenue that was recorded, 83% is attributed to the US and the rest to Europe and Asia.

Mindteck's net profit for the year stood at Rs 10.59 million, as against a net loss of Rs 50.58 million in the corresponding previous year.

At an operating margin level, Mindteck recorded EBIDTA (including other income) of Rs 40.94 million this fiscal year as against negative EBIDTA of Rs 11.40 million last year.

## 3. Business Focus and Highlights Sampling

Mindteck's core business lines remain Product Engineering, Information Technology Services and Talent Acquisition and Management Services. The verticals of focus include High Tech, Life Sciences and the Public Sector.

Principal activities and highlights for the year ended March 31, 2013 include:

### HIGH TECH

The High Tech vertical encompasses Smart Energy, Semiconductor, Data Storage, Cloud and Big Data.

#### Smart Energy

In Smart Energy, Mindteck is an established player in ZigBee and 6LowPan wireless stack development and support services for fab and fabless semiconductor clients. Our deep understanding of wireless sensor networks enables us to

design and develop wireless monitoring and load control products for our OEM/ODM clients in the home automation and building automation space. Our expertise in scaling our wireless sensor based lighting and energy monitoring and control solution to city levels has enabled us to win system integrator customers in the building automation and utilities space, all of which map into the emerging Internet of Things (IOT) market.

Mindteck recently acquired a renewable energy system integrator client that develops utility-scale Concentrated Solar Power (CSP) projects in several areas around the world. This large scale engagement requires Mindteck to develop the entire Wireless Field Communication Subsystem (WFCS) controlling the field deployed heliostats. WFCS is critical in lowering overall project cost and making such CSP projects commercially viable worldwide. Mindteck will be responsible for developing, delivering and support deploying the plant communication elements of the FCS, along with any installation and configuration tools that are required to demonstrate, deploy, or maintain the system.

Mindteck signed a statement of work with a leading Japanese power and infrastructure company for firmware development of an "SAE Combo Charger for DC Fast Charging". The client is developing charging stations for hybrid cars that can support fast charging based on SAE Standard, the American standard specified by the Society of Automotive Engineers. The corresponding Japanese standard is ChaDeMo (Charge on the Move). The scope of the current project includes SAE protocol stack development over Home Plug® Green PHY PLC link layer, DC charging control application, touch-based user interface for the

charging kiosk, and backend network operations such as FTP/Authentication over ethernet.

Mindteck also won another new project from a long-standing electronics client. The project involves support of a ZigBee stack on the client's new microcontroller that will be released to the public with the Mindteck ZigBee stack. We will also be developing a new ZigBee Profile (ZigBee Light Link) as a part of this project.

Mindteck continues to support and enhance the Solar Energy Monitoring Solution for another long-standing client. The monitoring solution has had great success in the UK and the client is now in the expansion mode. As a part of the expansion, 100,000 solar installations need to be monitored for the current financial year. Mindteck is in the process of enhancing the solution to enable it to scale up to 100,000 PV installations across multiple servers and geographies.

#### **Key Business Initiatives:**

**ZigBee IP Stack:** Mindteck's ZigBee IP Protocol Stack adds low-power wireless capability to devices for remote data monitoring and control using IPv6. Our ZigBee IP Stack is based on IEEE, IETF and W3C standards for IPv6 support on low-power wireless networks for connectionless or connection-oriented data.

As a member of the ZigBee Alliance, Mindteck was one of the early implementers of the ZigBee IP Protocol Stack. The ZigBee IP official standard was ratified by the ZigBee Alliance in March 2013. ZigBee IP is the third standard defined by the ZigBee Alliance after ZigBee and RF4CE, both of which have received wide-spread acceptance and deployment in home automation, consumer electronics, lighting, healthcare, and several other commercial applications.

The Mindteck ZigBee stack has been deployed as a solution accelerator in stack development projects for Semiconductor clients. The delivered solution includes reusable components and methodologies developed by Mindteck and these are customized/ported/integrated to target customer platforms.

**SEP 2.0 Stack:** The Smart Energy 2.0 application profile is defined by ZigBee® and HomePlug® Alliance as an open standard interface between devices in the Home Automation Network (HAN) and the energy services interface to the utility. SEP 2.0 defines function sets for Smart Energy profile applications and device types such as metering, pricing, billing, demand response and load control, pre-payment and distributed energy resources.

Mindteck's SEP 2.0 solution implements an interoperable, standards-based, open communication interface within the HAN and provides seamless integration with 3G/Ethernet WAN of utility network. The Mindteck SEP 2.0 Application Profile is a link layer agnostic solution and can operate on IPv6 over IEEE 802.15.4, Wi-Fi, ZigBee IP or PLC networks.

Mindteck's SEP 2.0 meter device is demonstrated using ZigBee IP Gateway solution for remote meter data access via IPv4 networks over the ethernet. A meter device runs a lightweight web server and can be accessed via ZigBee IP wireless IPv6

networks. Additionally, the meter device can be accessed through public IPv4 networks using Mindteck's ZigBee IP gateway with a dual stack of both ZigBee IP wireless and ethernet-based IPv4 stack. ZigBee IP Gateway additionally implements an application-based network configuration to access the SEP2.0 device from IPv4 networks.

#### **Ignite Lighting Solution:**

A Lighting Solution code named Ignite is Mindteck's first ever productized solution involving electronic design of wireless lighting control, a wireless gateway with ZigBee, 3G and Wi-Fi as well as a backend enterprise system based on Microsoft technologies.

Ignite is an intelligent wireless lighting controls solution for commercial and industrial buildings. Simple to deploy and manage yet robust in scope, Ignite provides unmatched intelligence and centralized control. The result is a reduction of up to 30% in lighting costs, improved occupant comfort and new visibility into building operations.

#### **Semiconductor**

Mindteck's Semiconductor business is dominated by semiconductor manufacturing equipment OEMs to whom we provide real-time machine control software lifecycle services. Our deep domain expertise in this space has enabled us to penetrate into the Semiconductor Fab industry to provide factory automation and manufacturing execution systems integration services to them.

Mindteck developed a web-based Overlay Recipe Server Solution for an overlay measurement tool that measures the alignment between different layers imposed on the wafer. This will help a client respond efficiently to the changing and varying semiconductor wafer processing needs for their end customers.

#### **Data Storage**

Mindteck has been providing product development services in the area of Data Storage for some of the leaders in the storage industry for over a decade. We have built a pool of talent in storage technologies, especially in the areas of release QA and QA automation. The relationship with clients in this area has been growing stronger and Mindteck teams now own core release activities.

#### **Cloud Computing and Big Data**

Mindteck's Cloud Computing business has helped an existing customer migrate its IT infrastructure to Amazon Cloud. We are also embarking on Big Data Analytics based proof of concept projects for an existing customer in the monitoring and control space.

#### **LIFE SCIENCES**

Life Sciences has been enhancing its focus on the product engineering needs of Scientific and Analytical Instruments manufacturers and Medical Device manufacturers for nearly a decade. Strong domain expertise, backed by a team comprising diversely skilled and experienced individuals, has helped us to grow this business from strength to strength during the reporting year.

Traditionally, a major portion of Life Sciences business comes from the US and EMEA regions. The key focus areas of the business are flawless delivery and optimal resource utilization to enhance profitability.

Among some of the in-house initiatives, two innovative prototypes were developed by our engineers:

- A laboratory intelligence enterprise tool called Sure Lab. This tool helps monitor and manage the productivity of any scientific laboratory and has several key features that help the Lab Managers in proper decision making with regard to devices, users and reagents.
- An informative portal using SharePoint for monitoring and reporting clinical trials data.

## **PUBLIC SECTOR**

Mindteck's Public Sector vertical is dedicated to identifying client needs and utilizing our technology expertise to provide solutions within the various complex government procurement policies and guidelines in the US. Mindteck has completed numerous projects with a focus on health and human services, education, and constituent services. Mindteck is approved under numerous statewide IT procurement vehicles that allow government agencies to identify pre-qualified vendors to deliver complete IT solutions. Mindteck has a strong history of delivering projects around Application Development, Program and Project Management, Business Analysis, Testing, Strategic Consulting and Professional Services.

The following are two examples of recent Public Sector projects which include full solution design, development, and implementation:

- IT modernization project which resulted in a complete redesign of an agency website utilized by every current and retired state employee
- Leading-edge automated content extraction project being used for data analysis by a state agency

## **ELECTRONIC DESIGN SERVICES**

The Electronic Design Services group has been providing core embedded technology solutions to its clients with a constant focus on providing faster, better, more affordable, reliable and value added services. The services offering has been structured into three categories based on the product life cycle to give clearer visibility of the engagement model to our clients:

- Embedded Design Services support conceptualization, new product development, and feature upgradation.
- Embedded Verification and Validation services cater to product validation and verification business.
- System Solutions provide the reliability, safety and value engineering aspect of services for electronics products.

Strong domain expertise, backed by the capability to provide full product design development, has encouraged our clients to provide more than 60% of repeat business in the reporting

year. Our focus on aligning our capability to the business requirement of our client, close monitoring and control of project parameters to deliver to customers' satisfaction, cost effectiveness and optimized resource utilization have been the key drivers for acquiring repeat business as well as new business.

The Center of Excellence in-house projects initiative has helped the EDS group in optimum resource utilization, and in creating proof of concept models for capability demonstration to our customers.

## **INFORMATION TECHNOLOGY SERVICES**

The ITS business line booked one of the largest SAP support orders for offshore SAP business in our history for a renowned high tech manufacturer. There are also strong business growth indicators from some of our key clients across APAC, Middle East and the US.

### **CENTERS OF EXCELLENCE (CoEs)**

#### ***Storage Testing***

The Storage Testing CoE at Mindteck is primarily aimed at creating new talent in the area of Storage QA and Automation through the talent incubation route. Over the years, Mindteck has created an elaborate knowledge repository on Storage and especially NAS technologies. We have also created Subject Matter Experts in various sub-areas of Storage Technology. With the help of the knowledge repository and the Subject Matter Experts, we have been able to quickly ramp up talent in the specialties required. Also, the team of Subject Matters Experts has been able to create Proof of Concepts in emerging technologies in storage.

#### ***Wireless Design***

Mindteck is building competencies in high-bandwidth and long distance Software Defined Radios (SDR) for establishing large scale, large throughput wireless monitoring networks.

SDRs are wireless data transceivers which can be programmed via software to operate at desired frequency spectrums. Among the various Wireless Design solutions, Mindteck has been designing a solution with SDR which incorporates the latest technology in RF communication.

## **4. Quality**

Mindteck continuously strives to strengthen its quality system by pursuing the highest quality standards throughout the company. We adhere to Quality Management Systems of international standards, such as ISO 9001:2008, ISO 27001:2005 ISO 13485:2003 and CMMI version 1.2 level 5. Currently we are in the process of reassessment for CMMI Version 1.3 Level 5 - a new version released by SEI.

We successfully completed our ISO 9001:2008 recertification audit, held in March 2013, by our certifying agency BSI Management Systems. We are excited to announce that we have been recommended for continuation of the ISO 9001:2008 certificate, which will help us in maintaining a competitive edge in the industry.

During the year we also implemented an Integrated Project Management solution that enables an automated approach to project management and governance. The system has helped us in effectively tracking and monitoring the projects to a greater level of customer satisfaction.

## **5. Infrastructure**

Mindteck has offices in the US, UK, Singapore, Malaysia, Bahrain and India. There are also four development centers equipped with R&D laboratories across the globe. The infrastructure includes space for workstations, conference rooms, meeting rooms, labs and a world-class communication system. The innovative 'best shore delivery model' has provided our customers with a mix of onsite, offshore, near shore, offshore-onsite and other hybrid delivery options across geographies, for faster and more efficient delivery of quality services.

## **6. Subsidiaries**

On March 31, 2013, Mindteck had six wholly-owned subsidiaries: Mindteck, Inc. (US), Mindteck Middle-East SPC (Bahrain), Mindteck Software Malaysia Sdn Bhd (Malaysia), Mindteck Singapore Pte Ltd. (Singapore), Mindteck (UK) Limited (UK), and Chendle Holdings Limited (British Virgin Islands). Mindteck (UK) Limited has two subsidiaries – Mindteck Germany GmbH (Germany) and Mindteck Netherlands B.V. (Netherlands).

The Ministry of Corporate Affairs, vide its General Circular No. 2/2011, No: 51/12/2007-CL-III dated February 8, 2011, has granted a general exemption under Section 212(8). The Company is in compliance with all the conditions for availing such exemption. The Board of Directors of the Company has, by its resolution dated August 8, 2013, given consent for not attaching the balance sheet of the subsidiaries of the Company mentioned above.

The Consolidated Financials have been audited and form part of this Annual Report. The financials of subsidiaries have also been audited by respective statutory auditors. The Consolidated Financials have been prepared and audited in strict compliance with applicable Accounting Standards and Listing Agreement as prescribed by SEBI. All information, including (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation and (j) proposed dividend as directed by the Ministry of Corporate Affairs, has been disclosed in the Consolidated Balance Sheet. Financial Highlights with the Indian rupee equivalent of the figures given in the foreign currency, along with exchange rate as on closing day of the financial year, and the statement pursuant to Section 212, form part of this Annual Report, page numbers. (84 – 85)

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

will also be kept for inspection by any 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 a soft copy of accounts is available on the Investors section of our website: [www.mindteck.com](http://www.mindteck.com). The holding, as well as subsidiary companies, regularly file the applicable data to the various regulatory and government authorities, as and when required.

## **7. Awards and Recognition**

Mindteck (India) Limited has been recognized as a 2012 Global Services 100 organization. Mindteck has also been featured under the Global Services 100 category of Industry-specific BPO Niche Leaders. This is the third consecutive time that Mindteck has been featured in the list of top 100 providers of global services.

The Global Services 100 is a study that identifies the top global ITO and BPO service providers who demonstrate leadership through outstanding performance and innovation. The study is recognized as an industry benchmark for being one of the most objective and comprehensive research efforts in identifying and honoring leaders amongst global service providers.

## **8. Litigation**

No material litigation is outstanding as on March 31, 2013.

## **9. Changes to Share Capital**

The Board of Directors of the Company allotted 64,299 Equity Shares on August 17, 2012 pursuant to shareholders approval on August 07, 2012. Consequently, the outstanding, issued, subscribed and paid up Equity Share increased from 24,868,472 to 24,932,771 as at March 31, 2013.

## **10. Board Committees**

The details of various Committees of the Board are provided in the Corporate Governance Report.

## **11. Dividend**

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 2012-13. Hence, no amount has been transferred to General Reserve during the year.

## **12. Fixed Deposits**

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

## **13. Directors**

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

Mr. Yusuf Lanewala was appointed as Non-Executive

Independent Director and as an Additional Director, effective February 13, 2013. The resolution seeking appointment of Mr. Yusuf Lanewala forms part of the 22nd Annual General Meeting Notice.

Mr. Wayne Berkowitz resigned as Managing Director and CEO effective June 11, 2013. The members of the Board have placed on record their deep sense of appreciation for the valuable services rendered by Mr. Wayne Berkowitz during his tenure as a Director of the Company.

Following Mr. Wayne Berkowitz's resignation as Managing Director and CEO of the Company, Mindteck's Board of Directors appointed Mr. Yusuf Lanewala as the new Managing Director and Group CEO with effect from June 11, 2013. The resolution seeking approval for appointment and payment of remuneration to Mr. Yusuf Lanewala as Managing Director and Group CEO forms part of the Notice to the 22nd Annual General Meeting. A brief resume of Mr. Yusuf Lanewala is included in the notice for the Annual General Meeting.

The Board of Directors of the Company has appointed Mr. Jagdish Malkani as Non-Executive Independent Director with effect from August 08, 2013 under the casual vacancy caused by the resignation of Mr. Wayne Berkowitz. Mr. Malkani shall hold office up to the date to which Mr. Berkowitz (Director in whose place he was appointed) would have held office if it had not been vacated by him.

#### **14. Auditors**

Mindteck's statutory auditors, M/s. BSR & Company, Chartered Accountants, Bengaluru, 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.

#### **15. 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 of 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 the Listing Agreement, forms part of this Annual Report.

#### **16. Management Discussion and Analysis**

The Management Discussion and Analysis is attached to this Annual Report.

#### **17. 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.

#### **18. 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.

#### **19. Human Resource Management**

Mindteck is committed to providing leadership and direction to its employees through the development and support of employee friendly policies and procedures that contribute to an individual's personal and professional growth, and to overall internal equity. We strive to foster an environment based on respect for individuals, recognizing that such an atmosphere contributes to overall co-operation and teamwork.

#### **20. CSR Initiatives**

Mindteck recognizes that everyone in the company is responsible to society as a whole, including the environment we inhabit. Moreover, we know that doing good things both inside and outside the organization – especially during times of prosperity – provides many benefits. The cornerstone of our policy is aimed at being a good corporate citizen in the communities we serve, with an emphasis on compassion and care. We are committed to raising the quality of life and social well-being of our communities. We are keen on making a difference in the world and our workplace. We expect to embrace a wider policy platform in the months to come. This includes leveraging the power of the Mindteck Academy – our customized workforce training solution that provides learning and hiring opportunities for recent college graduates, displaced workers and returning veterans.

#### **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 Option Schemes viz. Mindteck Employee Stock Option Scheme 2005 and Mindteck Employee Stock Option Scheme 2008.

##### **(a) Mindteck Employee Stock Option Scheme 2005**

During the year ended March 31, 2013, under Employee Stock Option Scheme 2005, the Company granted 71,700 options at an exercise price of Rs. 16.35 per share, and 16,500 options at Rs. 17.95 per share, and 8,400 options at Rs. 17.20. 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 Consolidated Accounts, 3.1.1 item (ii) which forms part of the Annual Report. There has been no variation in the terms of ESOP program during the year.

(b) 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, 2013, 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. Acknowledgements**

The Directors place on record their appreciation of co-operation and continued support extended by customers, shareholders, investors, partners, vendors, bankers, the Government, and statutory authorities for the Company's growth. We thank 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**

Bengaluru, India

Date: August 08, 2013



**Yusuf Lanewala**  
Managing Director &  
Group CEO



**Javed Gaya**  
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, 2013, as well as 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

	<b>Mindteck ESOP 2005</b>
a) Options granted during the year	96,600
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	406,700
d) Options exercised during the year	-
e) Total no. of shares arising out of exercise of options	-
f) Options lapsed/forfeited during the year	154,100
g) Variation of terms of options	-
h) Money realized by exercise of options	-
i) Total no. of options in force	349,200
j) Employee-related details of options granted to:	
(i) Senior Mgt. Personnel	Joseph Underwood (VP Sales) – 15,000 Wayne Berkowitz (Managing Director & CEO) – 21,000
(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
k) Diluted EPS pursuant to issue of shares calculated in accordance with AS 20	Rs. 0.72 per share
l) Difference between fair value and intrinsic value of options in the calculation of employee compensation costs and impact on net profit and EPS	The reported profit after taxation for the year ended March 31, 2013 would have been Rs 17,353,997 (previous year Rs 6,944,510) i.e. lower by Rs 449,258 (previous year lower by Rs 457,680) and the basic and diluted EPS for the year would have been Rs 0.71 and Rs 0.70 (previous year Rs 0.28 and Rs 0.28 respectively).
m) Weighted average	
- exercise price of options exercised during the year	-
- fair value of options exercised during the year	-
n) Method and significant assumptions used during the year to estimate the fair value of options	The fair value of the options has been calculated using Black-Scholes option pricing model, considering the expected term of the options to be four years, an expected dividend yield of 5-10% on the underlying equity shares, volatility in the share price of 50-100% 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

As previously mentioned, 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.
- Only 50% of the lifts are kept operational in the various office premises of Mindteck.
- The staff ensures that lights are switched off when employees are not in office.
- The premises are planned so as to allow effective use of sunlight and thus reduce the need for lights during the day.
- Air conditioners are switched off in the evenings and during the weekends.
- Air conditioner runtime has also been minimized by altering the exhaust system.
- 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.
- The water pipes have been resized to reduce water consumption.

##### **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 "paper free office" policy 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 material.
- 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-waste is disposed and recycled through e-waste recycling agencies.

#### 2. Technology Absorption and Research and Development

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 Bengaluru and Kolkata centers. This includes a Smart Energy laboratory, R&D laboratory for chemical testing and software benchmarking, a Storage laboratory, Wireless Sensor network laboratory, and an Electronic Design laboratory. During the financial year, Mindteck was involved in several new and innovative projects and also enhanced its service offerings to new areas of industrial applications. These include:

##### **Wireless Stack Development for M2M and Internet of Things (IOT) Connected Products Ecosystem:**

Mindteck proactively developed ZigBee IP Wireless Stack and Smart Energy Profile 2.0 targeted toward Semiconductor companies worldwide. These solutions will power the M2M devices falling in the IOT ecosystem. According to Gartner, IOT is estimated to be a USD 290 billion market by 2017.

##### **Big Data:**

During this year Mindteck began work on conceptualizing an innovative Big Data solution for one of the largest US-based multinational companies focused on energy, safety and security. The solution aims at seamlessly integrating with Fire Alarm systems and unlocks huge business value for their end customers and maintenance providers. It also acts as a significant product differentiator in the mature and well contested fire alarms and safety marketplace.

##### **Large Scale Wireless Monitoring and Control for Utility Scale Concentrated Solar Power Plants:**

Mindteck developed an innovative Software Defined Radio (SDR) based solution to wirelessly monitor and control one million heliostats (mirrors) needed to accurately focus sun rays on a centralized tower to generate sufficient heat to drive a 220 MW steam turbine. This prestigious project is under execution and will get tested at Sandia National Laboratories, US.

##### **Next Generation Home Automation System:**

During the year, Mindteck developed a ZigBee-based Wireless solution that controls the AC systems and door locks for a home appliances OEM client. This solution will be India's first to use ZigBee Wireless Technology in air conditioners, remotes and door locks. Our client has launched their products targeted to India's niche residential apartment segment, based on our solution later this year. This product has been granted the prestigious India Design Mark and has won the International A-Design award this year.

##### **Building Energy Monitoring and Management System:**

Mindteck developed a Building Energy Monitoring and Management System for a leading building automation product manufacturer based on ZigBee Wireless Technology.

This solution optimizes building lighting and AC control based on actual occupancy. It also helps measure and optimize power consumption within a building through the switching lights off/dimming and reducing the AC power consumption, or switching it off based upon energy demand analytics (largely dependent on detection of amount of human presence within a perimeter). Our Building Energy Monitoring and Management System is helping a building automation product manufacturer create technology-differentiated products using a cutting edge technology solution, helping end customers lower cost of ownership, and accelerating the ROI via automated optimization of energy consumption.

#### **Enterprise Mobility:**

Mindteck enhanced competencies in the area of Mobility. In addition to developing applications for the enterprise, we expanded into mobile solutions for the industrial world – developing and enabling the HMIs of industrial equipment on a mobile platform.

#### **Analytics:**

Mindteck expanded the services offerings to include business solutions for clients in the areas of analytics, data extraction and management. Unstructured data extraction and management remains a challenge for enterprises and Mindteck has provided solutions for extracting, transforming and making sense of unstructured content and data. Mindteck also expanded its offerings in the area of predictive analytics to provide solutions that improve new business acquisition rates.

#### **Life Sciences:**

Mindteck continued to utilize its deep expertise in providing software and hardware solutions to some of the world leaders in analytical instruments and medical devices. Mindteck also provided valuable technological support to a leading single board computer manufacturing company. In

recognition of its valued contributions in the medical devices segment, Mindteck was selected for Altera Design Services Network Program which adds to Mindteck's service capabilities in FPGA design. The Life Sciences vertical also developed some interesting scientific applications as a result of continuing internal R&D pursuits. A Laboratory Intelligence Tool named Sure Lab provides a complete suite of valuable laboratory information such as manpower utilization trends, reagent inventory, instrument utilization patterns, etc. A document management and clinical trials data management portal was developed using SharePoint.

#### **3. Foreign Exchange Earnings and Outgo**

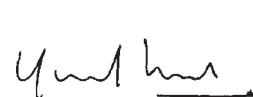
a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

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

b) Total Foreign Exchange used and earned in Rupees:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Earnings	<b>563,682,647</b>	548,802,828
Expenditure	<b>20,687,408</b>	34,685,580

**On behalf of the Board of Directors**



Bengaluru, India  
Date: August 08, 2013

**Yusuf Lanewala**  
Managing Director &  
Group CEO



**Javed Gaya**  
Director

# CORPORATE GOVERNANCE REPORT

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 and 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 by the adoption of the Code of Business Conduct and Ethics Policy, Whistle Blower Policy, Human Rights and Labor Policy, Confidential information and IP Protection Policy and Procedure, Code of Conduct 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 (BSE) in India, a report containing the details of the governance system and processes at the Company is as under:

## I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

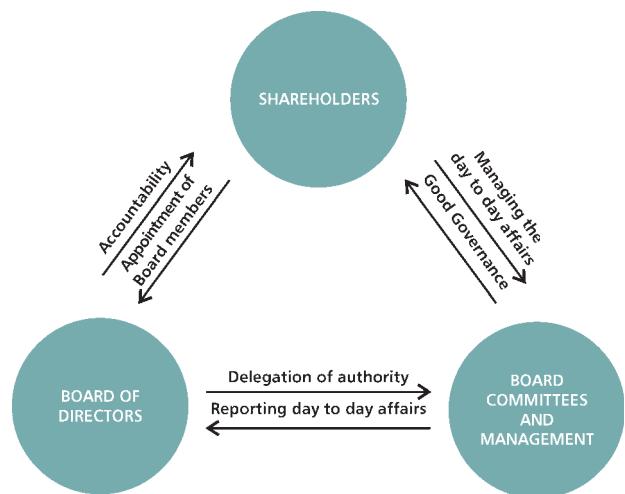
The Management aims to achieve its objective of increasing stakeholder's value while consistently observing the norms laid down in the Code of Corporate Governance. The Management has institutionalized Corporate Governance at all levels within the Company in order to ensure transparency, good practices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

The overall responsibility for guiding Corporate Governance within the Company rests with the Board of Directors ('the Board'), which has put in place appropriate policies, guidelines, etc. The day-to-day implementation and monitoring of these policies and guidelines rest with the management of the Company. 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 and philosophies:

- (i) Constitution of the Board of the Company and a Corporate Governance Committee with members of appropriate composition, size and expertise.
- (ii) Complete transparency in our operations.

- (iii) Maintaining prescribed levels of disclosure and complete openness in communication.
- (iv) Independent verification and safeguarding integrity of the Company's financial reporting.
- (v) A sound system of risk management and internal control.
- (vi) Timely and balanced disclosure of all material information concerning the Company to its stakeholders.
- (vii) A system to ensure compliance with applicable laws of all countries in which we operate.
- (viii) Maintain high standards of safety and health.
- (ix) 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 overall vision, strategy and good governance of the Company. The 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 a matter of good Corporate Governance, to promote balance of power and as suggested in the Voluntary Corporate Governance Guidelines, we have segregated the offices of Chairman and Chief Executive Officer. There is a clear demarcation in the roles and responsibilities of the Chairman of the Board and that of the Managing Director and CEO.

As at March 31, 2013 the Company had four Directors, of

which three Directors are Non-Executive and Independent, as defined in Clause 49 of the Listing Agreement. The Managing Director and CEO manages the day-to-day affairs of the Company. The Board believes that its 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 Voluntary Corporate Governance Guidelines; thus, none of the Directors on the Board are members of more than ten Committees or act as Chairman of more than five Committees across all companies in which they are Directors.

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

Table No. 01 Director	Designation and Category	Age	Equity Shareholding	No. of Directorship*		Committees	
				Public	Private	Chairman	Member
Mr. Wayne Berkowitz <sup>(1)</sup>	Managing Director and CEO	53	Nil	-	-	-	-
Mr. Yusuf Lanewala <sup>(2)</sup>	Independent, Non-Executive Director	59	Nil	-	1	-	-
Mr. Indresh Narain <sup>(3)</sup>	Independent, Non-Executive Director	68	Nil	3	-	2	1
Mr. Javed Gaya	Independent, Non-Executive Director	57	Nil	1	7	1	-
Mr. Narayan A. Menon	Independent, Non-Executive Director	64	Nil	-	-	-	-
Mr. Jagdish Malkani <sup>(4)</sup>	Independent, Non-Executive Director	57	NIL	-	2	-	-

\* Excluding Directorship in Mindteck (India) Limited and Directorship in Foreign Companies.

(1) Resigned as Managing Director and CEO w.e.f. June 11, 2013.

(2) Appointed as Additional Director w.e.f. February 13, 2013 and later appointed as Managing Director and Group CEO w.e.f. June 11, 2013 subject to the approval of the shareholders at the Annual General Meeting, 2013.

(3) Resigned as Director w.e.f. November 09, 2012.

(4) Appointed as Non-Executive Independent Director w.e.f. August 08, 2013.

All the Independent Directors 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 with 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 served on the Board of our company for more than nine years.

#### **Board 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 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 2012-2013 – May 05, 2012, August 07, 2012, November 08, 2012 and February 13, 2013.

#### **Remuneration:**

During the year 2012-2013, no remuneration or sitting fee was paid to the Managing Director and CEO. The Company paid sitting fees of Rs 20,000 per meeting to its Non-Executive Directors for attending meetings of the Board and Rs 10,000 for attending Committee meetings.

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

Name of the Director	No. of Board Meetings during 2012-13		Whether attended last AGM held on August 07, 2012	Sitting fees for Board and Committee meetings (in Rs.)
	Held	Attended		
Mr. Wayne Berkowitz <sup>(1)</sup>	4	4	Yes	Nil
Mr. Yusuf Lanewala <sup>(2)</sup>	4	1	No	30,000
Mr. Indresh Narain <sup>(3)</sup>	4	3	Yes	120,000
Mr. Javed Gaya	4	3	Yes	130,000
Mr. Narayan A. Menon	4	4	Yes	160,000
Mr. Jagdish Malkani <sup>(4)</sup>	4	-	-	Nil

(1) Resigned as Managing Director and CEO w.e.f. June 11, 2013

(2) Appointed as Additional Director w.e.f. February 13, 2013 and later appointed as Managing Director and Group CEO w.e.f. June 11, 2013 subject to the approval of the shareholders at the Annual General Meeting, 2013.

(3) Resigned as Director w.e.f. November 09, 2012.

(4) Appointed as Non-Executive Independent Director w.e.f. August 08, 2013.

#### **Non-Executive/Independent Directors' remuneration:**

The members at the Annual General Meeting of the Company on August 11, 2010, approved the payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The amount of the said commission will be decided each year by the Board of Directors and distributed amongst the Non-Executive Directors. However, no commission was paid to Non-Executive/Independent Directors of the Company during the current year. 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.

#### **Remuneration to Executive Directors**

The Company did not pay any remuneration to the Executive Directors. Mr. Wayne Berkowitz, Managing Director and CEO (w.e.f. February 06, 2012) was drawing salary from the Company's wholly owned subsidiary in the US, Mindteck, Inc.

Mr. Yusuf Lanewala was appointed as Managing Director and Group CEO w.e.f. June 11, 2013 and remuneration was approved by the Board of Directors and subject to the approval of shareholders at the Annual General Meeting.

#### **Proceedings of Board Meetings:**

The agenda items for the Board meetings are decided in advance in consultations with heads of various functions and the Managing Director and Group CEO. Every Board member can suggest additional items for inclusion in the agenda. Managers who can provide additional insights into the items discussed in the Board Meetings are also invited for the Board Meetings. The decisions taken at the Board Meetings are promptly communicated to all concerned departments for the completion of the action items arising out of the

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

#### **Information and updates to Board of Directors:**

- Annual operating plans and budgets, including capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments and monthly MIS information of the key operational parameters of the Company.
- 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 services rendered 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 developments on the Human Resources/Industrial Relations front like signing of wage agreements, 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 with or violations of any regulatory, statutory or listing requirements and shareholders service such as non-payment of Dividend or delay in share transfers, etc., if any.

All the information to be provided to the Board as per Annexure-1A of Clause 49 of the Listing Agreement have been 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 a quarterly basis. In case 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. An Action Report on the decisions/ minutes of the previous meeting(s) is placed at the following 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.

#### **(i) Audit Committee**

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

##### **(a) Composition:**

Indresh Narain <sup>(1)</sup>	- Chairman (Independent Director)
Narayan A. Menon <sup>(2)</sup>	- Member (Independent Director)
Javed Gaya	- Member (Independent Director)
Wayne Berkowitz <sup>(3)</sup>	- Member (Managing Director and CEO)
Yusuf Lanewala <sup>(4)</sup>	- Member (Independent Director)

- (1) Resigned as Director w.e.f. November 09, 2012.
- (2) Appointed as Chairman of the Committee w.e.f. November 08, 2012.
- (3) Appointed as Member of the Committee w.e.f. February 09, 2013 and resigned as Director w.e.f. June 11, 2013.
- (4) Appointed as Member of the Committee w.e.f. February 13, 2013.

Mrs. Usha TN, Company Secretary, acted as Secretary for all the Audit Committee meetings held in 2012-13 and Mr. Shivarama Adiga S., Company Secretary, acted as the Secretary of the Audit Committee for the meetings held thereafter.

#### **(b) Objective/Powers:** Powers of the Audit Committee include:

- (i) To investigate any activity within its responsibilities.
- (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 and internal auditor, approve terms of engagement, including fixation of audit fee, and also approve the payment for any other services. The 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 as well as 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.
- Directors' responsibility statement.

(iv) Review, with management, the statement of uses/application of funds raised through an issue (i.e. 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, review and follow up on 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 the 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 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/her qualifications, experience and 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 the 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 – May 04, 2012, August 06, 2012, November 08, 2012 and February 13, 2013. The approved minutes of the meetings were placed before the Board at the succeeding Board Meeting for information. The quorum of the Committee is two members or one-third of its members, whichever is higher. 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. Indresh Narain, Chairman <sup>(1)</sup>	4	3
Mr. Narayan A. Menon <sup>(2)</sup>	4	4
Mr. Javed Gaya	4	3
Mr. Wayne Berkowitz <sup>(3)</sup>	4	1
Mr. Yusuf Lanewala <sup>(4)</sup>	4	0

(1) Resigned as Director w.e.f. November 09, 2012.

(2) Appointed as Chairman of the Committee w.e.f. November 08, 2012.

(3) Appointed as Member of the Committee w.e.f. February 09, 2013 and resigned as Director w.e.f. June 11, 2013.

(4) Appointed as Member of the Committee w.e.f. February 13, 2013.

## **(ii) HR and Compensation Committee**

### **(a) Composition:**

Narayan A. Menon - Chairman (Independent Director)  
 Javed Gaya - Member (Independent Director)  
 Wayne Berkowitz<sup>(1)</sup> - Member (Managing Director and CEO)  
 Yusuf Lanewala<sup>(2)</sup> - Member (Independent Director)

(1) Appointed as Member of the Committee w.e.f. May 05, 2012 and resigned as Director w.e.f. June 11, 2013.  
 (2) Appointed as Member of the Committee w.e.f. February 13, 2013.

### **(b) Powers/Roles:** The terms of reference of the HR and Compensation Committee include the following:

(i) To decide on all matters relating to the Company's stock option/share purchase schemes including the

grant of options/shares to the Directors and employees of the Company and/or of its subsidiaries.

(ii) To determine and make suitable recommendations to the Board in all matters relating to qualification, appointment, evaluation and remuneration of the Non-Executive Directors of the Board, Executive Directors of the Company and its managerial personnel under the Companies Act, 1956.

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

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

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

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

**(c) Meetings:** The Committee held two meetings during the year – May 05, 2012 and November 08, 2012.

Attendance Record in HR & Compensation Committee meetings held during the year, are as follows:

Table No. 04 Members	No of meetings	
	Held	Attended
Mr. Narayan A. Menon, Chairman	2	2
Mr. Javed Gaya	2	1
Mr. Wayne Berkowitz <sup>(1)</sup>	2	2
Mr. Yusuf Lanewala <sup>(2)</sup>	2	-

1) Appointed as Member of the Committee w.e.f. May 05, 2012 and resigned as Director w.e.f. June 11, 2013.  
 2) Appointed as Member of the Committee w.e.f. February 13, 2013.

### **(iii) Shareholders/Investors Grievance Committee**

**(a) Composition:** The Shareholders/Investors Grievance Committee was formed to undertake the responsibilities of redressing shareholder and investor complaints

pertaining to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared Dividend, etc.

Javed Gaya - Chairman (Independent Director)  
 Indresh Narain<sup>(1)</sup> - Member (Independent Director)  
 Narayan A. Menon<sup>(2)</sup> - Member (Independent Director)  
 Yusuf Lanewala<sup>(3)</sup> - Member (Independent Director)

(1) Resigned as Director w.e.f. November 09, 2012.  
 (2) Appointed as Member of the Committee w.e.f. November 08, 2012.  
 (3) Appointed as Member of the Committee w.e.f. February 13, 2013.

Mr. Shivarama Adiga S., 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 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 to M/s. Universal Capital Securities Pvt. Ltd, the Company's Registrars and Share Transfer agents, to attend to share transfers generally once in 15 days, which are validated by the Committee.

**(c) Meetings:** The Committee met four times during the year – May 05, 2012, August 07, 2012, November 08, 2012 and February 13, 2013. The minutes of the meetings were placed before the Board at the following Board Meeting for information. Quorum was present at all the meetings.

Attendance Record in Shareholders/Investors Grievances Committee Meetings held during the year, are as follows:

Table No. 06 Members	No of meetings	
	Held	Attended
Mr. Javed Gaya, Chairman	4	3
Mr. Indresh Narain <sup>(1)</sup>	4	3
Mr. Narayan A. Menon <sup>(2)</sup>	4	2
Mr. Yusuf Lanewala <sup>(3)</sup>	4	1

1) Resigned as Director w.e.f. November 09, 2012.  
 2) Appointed as Member of the Committee w.e.f. November 08, 2012.  
 3) Appointed as Member of the Committee w.e.f. February 13, 2013.

### **Report of Investor Complaints received and disposed of during year ended March 31, 2013:**

Table No. 05	No. of cases outstanding as on April 01, 2012	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2013
No. of Investor issues	Nil	Nil	Nil	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<sup>(1)</sup> - Chairman (Independent Director)  
Wayne Berkowitz<sup>(2)</sup> - Member (Managing Director and CEO)  
Yusuf Lanewala<sup>(3)</sup> - Member (Independent Director)  
Narayan A. Menon<sup>(4)</sup> - Member (Independent Director)  
Jagdish Malkani<sup>(5)</sup> - Member (Independent Director)

(1) Resigned as Director w.e.f. November 09, 2012.  
(2) Appointed as Member of the Committee w.e.f. May 05, 2012 and resigned as Director w.e.f. June 11, 2013.  
(3) Appointed as Member of the Committee w.e.f. February 13, 2013.  
(4) Appointed as Member of the Committee w.e.f. August 08, 2013.  
(5) Appointed as Non-Executive Independent Director w.e.f. August 08, 2013.

**(b) Objective:** The objective of the Committee is to ensure excellence in governance, foster exemplary 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:**

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

**(d) Meetings:** During the year, the Committee did not meet.

### **C. GOVERNANCE BY MANAGEMENT**

#### **OTHER DISCLOSURES:**

##### **Related Party Transactions:**

During the year 2012-13, no materially significant related party transactions were 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. Notes to accounts 3.18 of the Financials as at March 31, 2013 contains a list of related party relationships and transactions as required by the Accounting Standard-18 on Related Party Disclosures as specified in Companies (Accounting Standards) Rules, 2006.

#### **Disclosures regarding the appointment or re-appointment of Directors:**

During the year, Mr. Yusuf Lanewala was appointed as the Non-Executive Independent Director on the Board of Directors of the Company w.e.f. February 13, 2013. Upon resignation of Mr. Wayne Berkowitz, Mr. Yusuf Lanewala was appointed as the Managing Director and Group CEO of the Company w.e.f. June 11, 2013.

The Board of Directors of the Company has appointed Mr. Jagdish Malkani as Non-Executive Independent Director with effect from August 08, 2013 under the casual vacancy caused by the resignation of Mr. Wayne Berkowitz. Mr. Malkani shall hold office up to the date to which Mr. Berkowitz (Director in whose place he was appointed) would have held office if it had not been vacated by him.

Further, Mr. Indresh Narain resigned as Director w.e.f. November 09, 2012. Mr. Wayne Berkowitz, Managing Director and CEO also resigned from the Board of the Directors of the Company w.e.f. June 11, 2013.

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 meeting. Mr. Narayan A. Menon will retire by rotation in the ensuing AGM. The Board has recommended his re-appointment and has sought shareholders' approval provided in the Notice convening the AGM.

#### **Details of non-compliance by the Company, penalties, and 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, the Auditor's Certificate is obtained and provided in the Annual Report.

##### **CEO and CFO Certificate:**

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

##### **Code of Conduct and Business 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](http://www.mindteck.com).

### **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 is 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 fully described in the risk management section and these procedures are periodically reviewed by the Board of Directors to ensure effective controls.

### **Compliance with laws:**

Mindteck believes in commitment to values and compliance of laws which are the hallmarks of good corporate governance. Legal Compliance Management at Mindteck transcends to using compliances as a yardstick to measure and manage business risks to maximize shareholder value. 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 Corporate Governance Committee, HR & Compensation Committee and has a Whistle Blower policy in place.

### **Policies and Best Practices:**

In our endeavor towards good corporate governance, we have formulated various policies and procedures to maintain transparency, professionalism and accountability in the organization.

### **Code of Corporate Disclosure Policy:**

In pursuance to Clause 12(2) of Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended by the SEBI (Insider Trading) (Amendment) Regulations, 2002, the Company has adopted a Code for Corporate Disclosure Practices for timely, appropriate and adequate disclosure of price sensitive information. The Company, through this policy, provides investors with direct access to analyst briefing material, significant background information and questions and answers on its website.

### **Board Charter:**

Mindteck believes that corporate governance as a discipline leads to effectiveness and transparency in the functioning of any corporate entity. Towards this end, Mindteck has adopted a Board Charter which clearly defines the mission, role, structure, responsibilities and operations of the Board of Mindteck and its delegation of authority to management.

### **Mindteck Code of Conduct for Prohibition of Insider Trading:**

Pursuant to Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 2002, the Company has formulated the 'Mindteck Code of Conduct for Prohibition of Insider Trading' for regulating and preventing designated persons [as defined in the SEBI (Prohibition of Insider Trading) Regulations, 2002] from using unpublished price sensitive information to their advantage. The Company Secretary of the Company is the Compliance Officer for the purpose of this Code of Conduct and maintains a record of the designated persons. No designated person of the Company has violated this Code and no unpublished price sensitive information has been communicated or used by them.

### **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 and the Audit committee. The policy is displayed on the intranet of the Company.

### **Software Development Centers:**

#### **Bengaluru:**

- Prestige Atlanta, No.10, Industrial Layout  
7th Main, 80 Feet Road, 3rd Block  
Koramangala, Bengaluru – 560 034, India

#### **Kolkata:**

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

#### **Enola:**

- 1828 Good Hope Road  
Suite 201, Enola, PA 17025, US

#### **Singapore:**

- 7B Keppel Road  
#05-09 PSA Tanjong  
Pagar Complex, Singapore 089055

### **Investor Contacts:**

#### **Registered Office Address for correspondence:**

#### **Mindteck (India) Limited**

Prestige Atlanta, No.10, Industrial Layout  
7th Main, 80 Feet Road, 3rd Block  
Koramangala, Bengaluru – 560 034, India  
Tel: 91 80 4154 8000; Fax: 91 80 4112 5813

For additional information on the Company, refer to website: [www.mindteck.com](http://www.mindteck.com)

#### **For queries relating to financial statements:**

#### **B.V. Ramesh**

Financial Controller  
Tel: 91 80 4154 8000 Extn. 8005  
E-mail: [ramesh.venugopal@mindteck.com](mailto:ramesh.venugopal@mindteck.com)

**For queries relating to shares/dividend/compliance:****Shivarama Adiga S.**

Associate Vice President, Legal & Company Secretary  
Tel: 91 80 4154 8000 Extn. 8013  
Email: shivarama.adiga@mindteck.com

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

(Formerly M/s. Mondkar Computers Pvt. Ltd)  
21, Shakil Niwas, Opp. Satya Saibaba Temple  
Mahakali Caves Road, Andheri (East), Mumbai - 400 093, India  
Contact: Santosh Gamare  
Tel: 91 22 28207203-05, Fax No: 91 22 28207207  
Email: gamare@unisec.in

**Addresses of Regulatory Authority/Stock Exchanges:****Securities and Exchange Board of India (SEBI)**

Plot No. C4-A, G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 051, India  
Tel: 91 22 2644 9000/4045 9000  
Fax: 91 22 26449016/20  
Email: sebi@sebi.gov.in

**Registrar of Companies, Karnataka**

'E'Wing, 2ND FLOOR  
Kendriya Sadana, Koramangala  
Bengaluru – 560 034, India  
Tel: 91 80 25633105 (Direct)  
91 80 25537449/91 80 25633104  
Fax: 91 80 25538531  
E-mail: roc.bangalore@mca.gov.in

**Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001, India  
Phone: 91 22 2272 1233/4, 91 22 66545695  
Fax: 91 22 22721919

**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, India  
Tel: 91 22 2499 4200  
Fax: 91 22 24976351  
Email: info@nsdl.co.in

**Central Depository Services (India) Limited:**

17th floor, Pheroze Jeejeebhoy Towers  
Dalal Street, Fort, Mumbai 400 001, India  
Tel: 91 22 22723333  
Fax: 91 22 22723199  
Email: helpdesk@cdslindia.com

**D. INFORMATION FOR 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 September, 1999. Later on, in the year 2006, the registered office of the Company was shifted from Mumbai to Bengaluru. The CIN of the Company is L30007KA1991PLC039702 and the address of our registered office is Prestige Atlanta, No.10, Industrial Layout, 7th Main, 80 Feet Road, 3rd Block, Koramangala, Bengaluru-560 034, Karnataka, India.

**Forthcoming Annual General Meeting (AGM):**

AGM for the year 2012-13 is scheduled on Friday, September 27, 2013 at 11.30 A.M. at Hotel Woodlands, "Chandani Hall" No-5, Rajaram Mohan Roy Road, Bengaluru-560 025.

**Location and time of last three AGMs held:**

Date of AGM	Time of AGM	Location	Table No. 07
August 11, 2010	4.00 PM	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1, Dickenson Road, Bengaluru-560 042	
September 22, 2011	3.00 PM	Redwood, Hotel Royal Orchid Central, Manipal Centre, 47/1, Dickenson Road, Bengaluru-560 042	
August 07, 2012	3.00 PM	St. Marks Hotel, 4/1, St. Marks Road, Bengaluru-560 001	

The following special resolutions were passed by the Company in its last three Annual General Meetings:

August 11, 2010	No Special Resolution passed	Table No. 08
September 22, 2011	Issue of Equity Shares to shareholders of Chendle Holdings Ltd.	
August 7, 2012	Issue and Allot 64,299 Equity Shares to Independent Shareholder of Chendle Holdings Ltd.	

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

**Financial Calendar:** April 1, 2012 to March 31, 2013

**Book Closure dates for the forthcoming AGM:**

September 23, 2013 to September 27, 2013 (both days inclusive).

Your Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE) as at March 31, 2013 and Scrip code is 517344.

An Annual Listing fee for the year 2013-14 (as applicable) has

been paid by the Company to the Bombay Stock Exchange. The Annual Custodial fee for the year 2013 -14 (as applicable) has been paid by the Company to NSDL and 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 two batches every month and ensures that

the share transfers/transmissions, etc. are effected within stipulated time. Transfers/transmissions which are complete in all respects are processed and the certificates in respect thereof are returned to the lodger/shareholder within 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 Company has appointed Mr. Rajnikant Shah, Practicing Company Secretary, to undertake the reconciliation of the share capital of the Company and submit a report to the BSE. 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 98.17% of the Company's equity share capital are dematerialized as on March 31, 2013. The Company continues to facilitate requests for dematerialization 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.

#### **Investors' complaints**

Table No. 09

Name of the Complaint	2012-13		2011-12	
	Attended	Received	Attended	3
No. of investor issues	Nil	Nil	3	3
No. of legal cases in the matter	Nil	Nil	Nil	Nil

There are no legal proceedings related to disputes in the matter of Shares of the Company.

#### **Shareholding Pattern as on March 31, 2013:**

Table No. 10

Sl. No.	Particulars	No. of shares	No. of shares
1.	Shareholding of Promoter and Promoter Group	16,169,857	64.85
2.	Bodies Corporate	112,287	0.45
3.	Institutions	25	0.00
4.	Individuals	1,222,203	4.90
5.	NRI/OCBs	2,199,099	8.82
6.	Clearing Members	7,647	0.03
7.	Foreign National	98,783	0.40
8.	Foreign Corporate Bodies	3,790,415	15.20
9.	Foreign Bank	0.00	0.00
10.	Mindteck Employees Welfare Trust	416,000	1.67
11.	Mindteck Investors Trust	916,455	3.68
<b>Total</b>		<b>24,932,771</b>	<b>100.00</b>

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

Table No. 11

Sl. No.	Name of the shareholders	No. of shares	% of holding
1.	Banco Efisa S.A.	2,726,668	10.94
2.	Infotech Ventures Ltd.	261,747	1.05
3.	Tadhamon International Islamic Bank	802,000	3.22
4.	Mahesh Tharani	320,149	1.28
5.	Pankaj Agarwal	1,198,780	4.81
6.	Mindteck Employees Welfare Trust	416,000	1.67
7.	Mindteck Investors Trust	916,455	3.68

## Distribution of Shareholding as on March 31, 2013:

Table No. 12		As on March 31, 2013				As on March 31, 2012			
Range	Shareholders		Shares		Shareholders		Shares		
No. of Shares	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total	
1 – 500	6,990	95.32	460,358	1.85	7,091	95.37	469,202	1.89	
501 – 1,000	168	2.29	134,984	0.54	171	2.30	136,262	0.55	
1,001 – 2,000	65	0.89	93,221	0.37	65	0.88	94,857	0.38	
2,001 – 3,000	27	0.37	65,216	0.26	25	0.34	60,735	0.24	
3,001 – 4,000	18	0.25	64,116	0.26	19	0.26	68,771	0.28	
4,001 – 5,000	9	0.12	40,931	0.16	7	0.09	31,100	0.12	
5,001 – 10,000	25	0.34	189,940	0.77	27	0.36	209,044	0.84	
10,001 & above	31	0.42	23,884,005	95.80	29	0.39	23,798,501	95.70	
<b>Total</b>	<b>7,333</b>	<b>100.00</b>	<b>24,932,771</b>	<b>100.00</b>	<b>7,434</b>	<b>100.00</b>	<b>24,868,472</b>	<b>100.00</b>	

### 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.

Table No. 13	Dividend Year	Type of Dividend	Dividend Rate	Date of Declaration	Due date for transfer to IEPF	Amount Unclaimed <sup>(1)</sup> Rs.
	2005-06	Final Dividend	10%	28/08/2006	01-10-2013	66,857.00
	2006-07	Final Dividend	10%	28/09/2007	01-11-2014	83,650.00
	2007-08	Final Dividend	5%	30/07/2008	03-09-2015	46,242.00

<sup>(1)</sup>Amount unclaimed as at August 08, 2013

The Shareholders may 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 account, no claim shall lie in respect thereof with the Company. The statement of unclaimed dividend as on March 31, 2013, as prescribed under Form 5 INV, has been posted on the website of the company.

In accordance with the above provision, during the current year Rs. 125,726.80 was 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 Financial Express (English) and Udayavani (Bengaluru Edition - Kannada) newspapers during the year ended March 31, 2013. 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](http://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](http://www.mindteck.com)

#### (iii) Website:

The Company's web site [www.mindteck.com](http://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 holding shares in physical format. We have also sent soft copies of the Annual Report, along with all the above listed documents, to all the investors whose email ID is registered/made available to us as per the guidelines of the "Green Initiative" instituted by Ministry of Corporate Affairs.

#### (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 April 29, 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" by updating their email IDs for all future correspondence with their respective DPs (for shares held in Demat form) or email IDs of our RTA agents, viz. Universal Capital Securities Private Limited by sending

a mail to [mindteck.investors@unisec.in](mailto:mindteck.investors@unisec.in) or to the Company Secretary – [shivarama.adiga@mindteck.com](mailto:shivarama.adiga@mindteck.com). The soft copy of the Annual Report will be made available on the website of the Company. You can also opt for a physical copy by writing to [shivarama.adiga@mindteck.com](mailto:shivarama.adiga@mindteck.com). If not opted, it is deemed to be accepted to send a soft copy through e-mail.

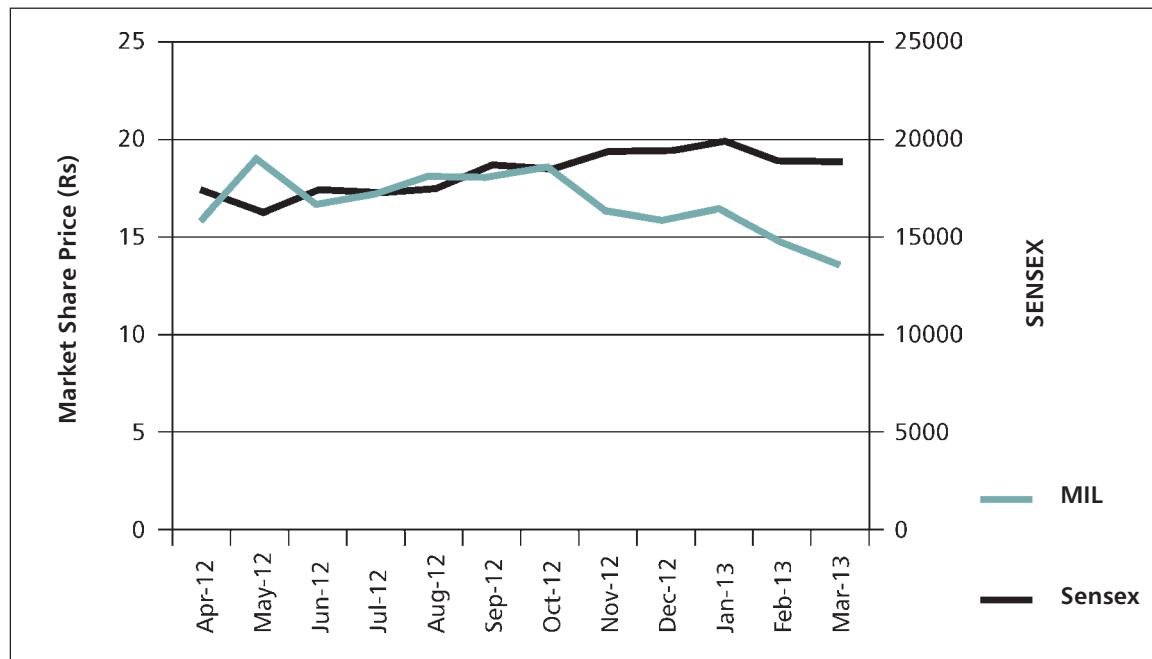
**Market Price Data: High/Low of Company's equity shares on the Bombay Stock Exchange, Mumbai during each month in the year ended March 31, 2013:**

Table No. 14	Sensex		Share Price		Trade	
	Month	High	Low	High Rs.	Low Rs.	No. of shares traded
April 2012	17,664.1	17,010.16	19.40	14.95	14,973	243,275
May 2012	17,432.33	15,809.71	19.40	15.55	13,628	225,889
June 2012	17,448.48	15,748.98	20.25	16.90	10,978	197,659
July 2012	17,631.19	16,598.48	19.00	17.50	13,996	253,002
August 2012	17,972.54	17,026.97	18.40	15.70	3,361	56,733
September 2012	18,869.94	17,250.8	19.10	16.85	9,066	162,749
October 2012	19,137.29	18,393.42	19.35	17.00	7,389	132,501
November 2012	19,372.70	18,255.69	19.40	16.50	5,862	102,763
December 2012	19,612.18	19,149.03	18.15	15.50	10,245	167,578
January 2013	20,203.66	19,508.93	17.25	15.05	26,368	419,792
February 2013	19,966.69	18,793.97	17.80	14.40	4,548	72,296
March 2013	19,754.66	18,568.43	14.80	12.40	7,267	96,363

**Performance in comparison to broad-based BSE Index and BSE IT Index:**

Table No. 15	Month	Closing share price on month's last trading day (Rs.)	BSE Index	BSE IT Index
April 2012		16.30	17,318.81	5,704.31
May 2012		19.40	16,218.53	5,666.08
June 2012		17.10	17,429.98	5,765.16
July 2012		17.60	17,236.18	5,345.02
August 2012		18.40	17,429.56	5,741.96
September 2012		18.65	18,762.74	5,922.64
October 2012		18.85	18,505.38	5,718.69
November 2012		16.70	19,339.9	5,888.42
December 2012		16.35	19,426.71	5,684.08
January 2013		17.00	19,894.98	6,393.63
February 2013		15.25	18,861.54	6,754.33
March 2013		14.00	18,835.77	6,885.46

**Performance of Mindteck shares in comparison to BSE Index:**



(Source data: [www.bseindia.com](http://www.bseindia.com))

**On behalf of the Board of Directors**

Bengaluru, India  
Date: August 08, 2013

**Yusuf Lanewala**  
Managing Director & Group CEO

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## 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 Directors. I confirm that the Company has in respect of the financial year ended March 31, 2013, 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.

**On behalf of the Board of Directors**

Bengaluru, India  
Date: August 08, 2013

**Yusuf Lanewala**  
Managing Director & Group CEO

# MANAGEMENT DISCUSSION AND 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

In 2012, according to the research consultancy IDC, the worldwide IT market reached USD 3.6 trillion and the US market accounted for approximately 26% of this, representing over USD 950 billion in IT hardware, software, services and telecommunications. As per the latest forecast by Gartner, Inc., in 2013, worldwide IT spending is projected to aggregate USD 3.7 trillion, a 4.2% increase from 2012.

According to analysts, much of this increase in spending is a result from projected gains in the value of foreign currencies versus the dollar. The major retardants to IT growth were the uncertainties surrounding forecasts for an upturn in global economic growth. This caused negative business and consumer sentiment throughout the world. This uncertainty is however set to improve and we can expect to see accelerated spending growth in 2013 compared to 2012.

### IT outsourcing trends that will drive the industry in 2013:

- *Continued growth in outsourcing:* Outsourcing will continue to grow with the average CIO budgeting 10% to 25% of their total IT budget on outsourcing.
- *A truly global presence becomes the differentiator:* In the past, having an offshore base was the only requirement. Today, demonstrating the ability to seamlessly work onsite, offsite, nearshore, and offshore will become a true differentiator. Clients will increasingly demand true global delivery and the regionalizing of operations.
- *Flexible pricing matures:* Clients are demanding extended payment terms to manage cash flow and flexible pricing structures to manage risk. Fixed price, transaction-based, and outcome-based pricing structures will become more prevalent.
- *Client ROI will not come from price arbitrage:* Instead, it will be governed by domain knowledge, quality of resources, process innovation, and the tools and technologies employed.
- *Increasing governance of relationships:* In addition to service level agreements, clients are expecting more transparent management of projects and reporting of issues, risks and changes.
- *Increasing requirements for professional certification and*

*talent:* Having employees with the right credentials, expertise and talent will continue to be important in the coming year.

- *Technology:* Trends in technology, including big data management, mobility, social media and cloud computing, will drive outsourcing growth in various segments.
- *Rural Sourcing:* Outsourcing for US state and local governments will continue to speed up given the continued sluggish economy and dwindling tax base, increasing demand for rural sourcing.

Despite economic uncertainties, NASSCOM, a trade association of the Indian Information Technology and Business Process Outsourcing industry, has forecasted a 12 to 14% growth in the Indian IT industry during 2013-14 against 10.2% in dollar terms the previous year. In FY 2013, the Indian IT industry generated USD 108 billion revenue, with exports (USD 76 billion) two times more valuable than the domestic sector (USD 32 billion).

Newer geographies are set to double their contribution to India to 20 percent by 2020.

Currently, the business generated from the US and Europe is almost 90%, while ten percent comes from the rest of the world. It is predicted that while business from these geographies will continue to grow, ASEAN countries, Africa and Latin America are also large markets that will grow.

### Market Outlook by Industry for 2013

#### HIGH TECH

Persistent economic headwinds are forcing many customer segments to remain conservative with their investments. High Tech is a bright spot in an otherwise gray economic future. High Tech companies continue to invest to remain competitive in the long term. Increased spending is expected in new product development, core research and development, and acquisitions. As global adoption of disruptive technologies increases, revenue expectations from them continue to become more significant.

Mindteck's High Tech vertical, comprising Smart Energy, Data Storage, Semiconductor, Cloud and Big Data, are well positioned to derive good traction as a result of this major trend this year.

#### Smart Energy

In 2009, the US smart grid industry was valued at about USD 21.4 billion and by 2014 it is expected to exceed USD 42.8 billion. Given the success of the smart grids in the US, the world market is expected to grow at a faster rate, surging from USD 69.3 billion in 2009 to USD 171.4 billion by 2014. As such, the segments set to benefit the most will be smart metering hardware sellers and makers of software used to transmit and organize the massive amount of data collected by meters.

#### Semiconductor

Spending on equipment used to make semiconductor microchips fell to USD 37.8 billion last year, 16% less than the amount spent in 2011. As the current semiconductor manufacturing technology reaches its limits, foundries could also be delaying further

investment in machinery until the next generations of machines, which use extreme ultraviolet lithography (EUL) technology, are ready for production. SEMI®'s (global industry association serving the manufacturing supply chain for the micro- and nano-electronics industries) February and March 2013 semiconductor book-to-bill reports showed the market for equipment growing with a robust book-to-bill ratio of 1.10 for each month. The semiconductor equipment manufacturing industry also witnessed a major acquisition – Novellus Inc. acquired by Lam Research. Over the last four months, there has been a significant shift in the semiconductor industry forecast, from a flat-to-down year to an overall positive year for semiconductor equipment revenue. We are currently experiencing the industry trough, when capital equipment sales are at their lowest in the cycle and are about to trend upwards in the future.

### **Data Storage**

Mindteck has been providing product development services in the area of Storage for some of the leaders in the storage industry for over ten years. It has built a pool of talent in storage technologies, especially in the areas of release QA and QA automation. The relationship with clients in this area has been growing stronger and Mindteck teams now own core release activities.

Our well-established Data Storage line of business has extensive NAS product QA and test automation expertise that delivers scaled value to our Storage OEM clients.

### **LIFE SCIENCES**

The Life Sciences market broadly comprises two major businesses - analytical and diagnostic technologies. Research reports by leading agencies have identified high growth opportunities for this industry in 2013. The trends that will drive the industry this year include increased investment in and outsourcing of research in emerging markets notably by the pharmaceutical segment; greater regulatory requirements in food safety, animal and environmental health, and increased opportunities in mobility and remote patient care devices.

Mindteck's Life Sciences vertical comprises three major segments – Test and Measurement Systems, Analytical Instruments/Control Systems and Medical Devices. The service offerings are spread across software development, hardware design, testing services and related IT services.

Mindteck currently works with several companies in the Test and Measurement segment and caters to the hardware and software design needs for industrial measurement systems. We also work with companies involved in the manufacture of electrical and electronic measurement tools and instruments.

Mindteck is a reputed product engineering service provider for the Analytical and Scientific Instruments sector. Several of the leading analytical instrument manufacturers are our long-term clients. Our main areas of focus include Industrial and Laboratory Gas Analyzers, Organic Carbon Analyzers, Chromatography, Spectroscopy and Petroleum Analyzers. Mindteck works with almost all the chromatography instrument companies and is well versed with several chromatography techniques from Flash

Chromatography to Ultra Performance Liquid Chromatography. Mindteck's core expertise lies in areas such as Gas Chromatography, Validation of Chromatography Data Systems and Systems Evaluation in multiple configurations, Open Data Systems and Analytical Instrument Qualification.

As an ISO 13485 accredited company, Mindteck provides hardware design and software design services for some leading medical device manufacturers. The areas of focus in this segment are Medical Imaging, Remote Patient Monitoring, and Drug Delivery Systems.

Our expertise in handheld devices is a key differentiator in both the Analytical Instruments segment as well as the Medical Devices industry.

Mindteck also provides some support services to a few leading pharmaceutical companies.

### **Public Sector**

There are many factors that cause the future outlook of the Public Sector in the US to be mixed. While IT government spending remains high for all states, increasingly tight budget constraints, shifts in project prioritization based on political policy, heightened demand of technology based constituent services, and leveraging services and data across government agencies impact the market.

Several examples of state budget impacts include the unknowns related to pension reform, uncertainty of federal funding related to healthcare, unknown handling of debt, choices for balancing budgets and sequestration (approximately USD 1.2 trillion in budget cuts across government agencies).

Specifically related to healthcare reform regulation, all states are required to have an operating health insurance exchange by 2014. Their choice is to use the federal government option, or build their own. These options require states and the federal government to implement complex solutions with unknown impact to policies and operations across the private and public sectors.

The key for Mindteck will be to continue to target areas wherein our innovative ideas and expertise can be coupled with our proven ability to implement seamless solutions to meet our Public Sector clients' needs. Leveraging our experience and solutions across government agencies, demonstrating ROI and efficiency gains in solutions, and focusing on niche opportunities will continue to put Mindteck in a good position to improve our market share in the Public Sector.

### **INFORMATION TECHNOLOGY SERVICES**

The Information Technology industry is expected to grow marginally and this growth will be driven by emerging areas such as social, mobile and analytics in tandem with cloud. Even ERP implementations are moving to the cloud. We will see more of this trend in 2013 with the enterprise moving more critical systems to the cloud. We are also seeing a huge surge of interest and with analytics entering the mainstream business, technologies like in-memory databases will gain more traction.

The traditional services have become commoditized with companies looking beyond the customary cost advantage to a

shared services and outcome-based model. The overall IT spend is very positive for the North American region, with Europe continuing to look a little uncertain and emerging markets like Middle East and Africa driving significant growth.

Mindteck's IT Services line of business helps global enterprises gain competitive advantage with an innovative, measurable and customer centric approach to realize business objectives through their IT investments. The IT Services strategy for the financial year is based on increasing the predictability of revenues through more managed service offerings, improving profitability through more offshoring and value added services. In addition, competencies and skillsets are being further aligned towards the services that we sell and are in demand, thus providing better quality and predictable delivery for our customers.

IT Services will continue to focus on and develop Mindteck's capabilities in Application Development and Maintenance, Independent Verification and Validation Services, Data Analytics and Business Intelligence, SAP Services, Enterprise Information Portals and Mobility. As we look to expand our customer base, the broad focus will be on building competencies in Microsoft and Java/EE and SAP while looking to build capabilities in other technology platforms, such as Oracle ERP and Cognos.

## OPPORTUNITIES AND THREATS

- *Proven track record:* We have consistently demonstrated an ability to scale up to challenges at hand and always ensure the right mix of resources, skills and technologies has helped improve our clients' business performance and facilitated mutual growth.
- *Subject matter expertise:* Our team possesses deep expertise in our key areas of focus such as Storage Testing, Analytical Instruments, Wireless Development and Integration, Semiconductor Manufacturing, etc. The expertise allows us to provide thought leadership to our clients transcending the client-vendor relationship and becoming more of a partner in our clients' success.
- *Quality of clients:* Mindteck has a portfolio of clients that includes:
  - Three of the top five analytical instrument manufacturers
  - Three of the top 25 IT services companies
  - Three of the top seven storage manufacturers
  - Four of the top 25 semiconductor manufacturers
- *Global delivery:* We have the proven ability to seamlessly deliver quality solutions at the client's site virtually anywhere in the world, offshore at delivery centers in Bengaluru and Kolkata, and onshore in Enola, PA and Singapore.
- *Cross selling of our full portfolio:* Increased collaboration between our delivery units and sales teams has availed increased opportunities to cross-sell our services within our 'blue chip' clients. In addition, our geographic footprint allows us to service our global clients in multiple geographies.
- *New competition:* Technology companies operate in a highly

complex and dynamic ecosystem. They are constantly confronted with rising competition in the markets; hence, they are being challenged to continuously rethink their strategies on how to respond to market-altering change. Mindteck has been persistently designing, developing and marketing solutions and related products and services that are valued in the marketplace. We have invested in technologies of the future in the form of cloud computing and enterprise mobility. We are also penetrating newer geographies such as Malaysia and Singapore, while strengthening our positioning in Europe and the US. Seamless, scalable, cost – effective services, coupled with global delivery capabilities in onshore, offshore, nearshore and hybrid models add to our competitive edge.

Mindteck also faces additional competition in the marketplace from offshore providers with centers in Eastern Europe and/or Latin America. The strength of our client relationships, depth of our expertise, and track record has allowed us to minimize the impact of that competition.

## RISKS AND CONCERNs

- *Employee attrition:* Employees leaving for higher paying opportunities is a constant challenge in our industry. As the US economy continues to recover this risk is heightened. Mindteck maintains a continued focus on a good work environment and culture. Strict adherence to performance management policies and execution of our recently implemented High Touch Campaign for remote employees help ensure that our best employees want to continue their employment with Mindteck.
- *Uncertainties in global economy and Eurozone crisis:* US clients comprise approximately 83% of our revenue. The US economy continues its sluggish recovery. Despite this, we have been able to consistently gain the trust of clients who are keen to do repeat business with us as well as continue to add new clients to our portfolio. In Europe, we face a different set of challenges. Many parts of the continent are yet to recover from the meltdown. Our business is focused in the UK and Germany which have been less impacted by the financial crisis.
- *Rate pressures:* As our clients focus on their bottom lines, we are under constant pressure to lower rates causing an erosion of margins. A focus on negotiating longer term and volume based pricing structures has helped us "lock-in" our clients. Utilizing outcome-based and fixed price models enables us to demonstrate overall value for our clients instead of a focus on hourly rates.
- *Client and Geographical concentration:* About 72% of our revenue is attributed to our top ten customers and about 83% of revenue is generated in the US. We have continued our efforts towards mitigating this risk by broadening our scope in other regions.
- *Selling, General and Administrative cost containment:* As revenue grows, it is imperative to ensure that SG&A costs do not grow proportionally. Efforts to reengineer internal processes and revamp internal systems will increase

productivity and contain costs. Improvements to customer relationship management, time and expense reporting, asset management, and job posting and recruiting processes have been implemented or are underway.

- **Liquidity risk:** Clients across the industry are demanding service providers to agree to longer payment terms and this can place a strain on cash flow. Our cash flow standing is monitored on a regular basis and projections are made to help determine the cash requirements at any given time. Mindteck has adequate internal reserves and working capital credit lines to cater to its requirements.

## DISCUSSION ON FINANCIAL PERFORMANCE

### Share Capital

Mindteck has an issued share capital base of 24,932,771 equity shares of Rs 10/- face value. All the shares are fully paid up. In addition, 102,878 equity shares are reserved for allotment to certain allottees as at March 31, 2013, 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 10,969,944 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 holding 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 account.

During the year 96,600 options were granted to employees under the Mindteck Employees Stock Option Schemes, 2005.

### Reserves and Surplus

Mindteck has retained a balance of Rs 75.62 million in the Statement of Profit and Loss as at March 31, 2013. Shareholders' funds, excluding capital reserves, increased from Rs 1,177.57 million in FY 2012 to Rs 1,200.97 million in FY 2013.

### Non-Current Liabilities

Non-current liabilities include term loan, rental deposit, rent equalization reserve and provision for employee benefits. The non-current liabilities, increased from Rs 25.34 million in FY 2012 to Rs 46.19 million in FY 2013. The increase is due to the provision made for employee benefits and availing the term loan.

Mindteck (India) Ltd has availed a term loan from Axis Bank during the year and the balance as at March 31, 2013 is Rs 31.32 million. The current portion of Rs 26.70 million is categorized under current liabilities.

### Current Liabilities

Current liabilities include current portion of term loan, trade payables, provision for employee benefits, provision for tax and other current liabilities. The current liabilities, increased from Rs 285.57 million in FY 2012 to Rs 362.24 million in FY 2013.

Mindteck Singapore Pte. Ltd. has a receivables factoring facility in Singapore and the balance stood at Rs 6.14 million as at March 31, 2013.

Mindteck Inc. has Line of Credit facility in the United States of America and the balance stood at Rs 4.13 million as at March 31, 2013.

Trade payables increased from Rs 119.45 million in FY 2012 to Rs 150.88 million in FY 2013.

Other current liabilities comprise unearned income, current portion of term loan, derivative liabilities, statutory liabilities such as PF, TDS, etc., and payroll payables amounting to Rs 127.38 million as at March 31, 2013.

Short-term provision for employee benefits and taxation stood at Rs 73.70 million as at March 31, 2013.

### Non-Current Assets

Non-current assets include fixed assets, deferred tax asset (net), long-term loans and advances and other non-current assets.

Mindteck invested Rs 12.92 million in fixed assets during the fiscal year. We have been leasing most of our capital equipment from reputed vendors and plan to replace the same with our own assets by investing a considerable amount in fixed assets. This will help us build an asset base and also reduce expenses.

Deferred tax assets or liabilities arise 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 expenses 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 in recognition of deferred tax asset/liability, the Company has recognized only such portion of deferred tax impact that results from temporary timing differences.

Long-term loans and advances comprise security deposits, advance tax and tax deducted at source and service tax input credit totaling Rs 129.27 million as at March 31, 2013.

Other non-current assets consist of MAT credit entitlement and it stood at nil as at March 31, 2013. During the year the Company has fully utilized the MAT credit asset of earlier years, aggregating to 4.95 million.

### Current Assets

Current assets include trade receivables, cash and bank balances, short-term loans and advances and other current assets.

Mindteck's accounts receivables as at March 31, 2013 amounted

to Rs 466.84 million, representing about 65 days of sales. All debts doubtful of recovery have been provided for in the financial statements.

Cash and bank balances amounted to Rs 79.94 million, including both rupee and foreign currency accounts. The amount includes bank guarantees issued by the Company's bankers.

Short-term loans and advances include security deposits, prepaid expenses, and employee and supplier advances. The balance as at March 31, 2013 stood at Rs 27.36 million.

Other current assets include unbilled revenue and claimable expenses. The balance as at March 31, 2013 stood at Rs 90.57 million.

### **Investments**

Mindteck (India) Ltd., has six wholly-owned subsidiaries and two step-subsidiaries as at March 31, 2013. The nature of operations of these subsidiaries is as follows:

- Mindteck, Inc., US - Operating company
- Mindteck Singapore Pte. Ltd, Singapore - Operating company
- Mindteck (UK) Ltd. - Operating company
- Mindteck Middle East Ltd. SPC - Operating company
- Mindteck Software Malaysia Sdn Bhd - Operating company
- Chendle Holdings Ltd. - Investment arm, holding stock in Mindteck, Inc., USA
- Mindteck Germany GmbH - Selling and marketing company (step-subsidiary)
- Mindteck Netherlands BV - Selling and marketing company (step-subsidiary)

## **RESULTS OF OPERATION**

### **Income**

Revenues from software services registered a 19% growth in FY13. The Company recorded Rs 2,643.17 million in FY13 as against Rs 2,226.24 million in FY12. The items of other income include rental income from our own property, interest income from deposits, provision no longer required written back and other miscellaneous items.

### **Expenses**

Employee benefit expenses and cost of technical sub-contractors for the FY13 stood at Rs 2,308.42 million as against Rs 1,942.45 million in FY12. Manpower expenses for the year were 87% of revenue, which is the same as last year's expenses.

Finance cost in FY13 was Rs 4.96 million as compared to

Rs 3.08 million in FY12. The reason for the increase in expenses was due to availing a term loan, usage of credit limits and a factoring facility.

Other expenses of FY13 amounted to Rs 294.45 million, excluding Rs 13.85 million of net foreign exchange loss compared to Rs 267.67 million last year. To facilitate future expansion and consolidation of its operations in Bengaluru, the Company moved to a new facility which increased the facilities cost. Also, the Company has made a provision of Rs 5 million towards the security deposit placed for the new premises on account of termination of the lease agreement. Since the timing of recoverability of the deposit is uncertain, a provision has been made based on prudence. The Company continues to implement several cost rationalization measures to ensure that the expense base is further reduced.

Tax provision for the year amounting to Rs 14.61 million is the aggregate of current tax liability in all tax jurisdictions in which the Company operates. Tax provision in India is based on the normal tax computation in accordance with the prevailing tax laws.

Tax provision in the US has been made after considering statutory regulations 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 Double Taxation Avoidance Agreement (DTAA) in the US to the extent the same is not recoverable from Indian Tax Authorities under the DTAA.

### **Operating Profit and Net Profit**

EBITDA for the year amounted to Rs 40.94 million as against EBITDA (Operating Loss) of Rs 11.40 million for the previous year. Net profit is Rs 10.59 million in FY13, at about 0.40% of software revenue, as against a net loss of Rs 50.58 million in FY12, at about -2.27% of software revenue.

## **HUMAN RESOURCES**

During the year, Mindteck saw a decrease in attrition levels; the annual attrition for the year was at 9.58% as against 20% in the previous year. The Company has focused on people engagement practices, career aspirations management and introduced best practices in learning and development, which have all worked in favor of retention of our talent.

A future-ready organization needs to continuously evaluate its leadership capital. Towards this, we engaged a reputed corporate training institute last year to train senior and mid-level leaders on effective communication and presentation skills.

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

The Board of Directors  
Mindteck (India) Limited

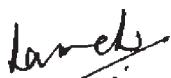
We, Wayne Berkowitz, Managing Director & CEO and Ramesh BV, Financial Controller, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2013 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 quarter 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 quarter;
  - b) All significant changes in accounting policies during the quarter, 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.

Place: London  
Date: May 10, 2013



**Wayne Berkowitz**  
Managing Director & CEO



**Ramesh B V**  
Financial Controller

# AUDITOR'S 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 March 31, 2013, as stipulated in Clause 49 of the listing agreement of the Company with the stock exchanges.

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

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

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

**for BSR & Company**  
*Chartered Accountants*  
Firm Registration No.: 128032W



**Natrajh Ramakrishna**  
Partner  
Membership No.: 032815

Place: Bangalore  
Date: August 08, 2013

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MINDTECK (INDIA) LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Mindteck (India) Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according

to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
  - (v) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for BSR & Company  
Chartered Accountants  
Firm Registration No. 128032W



Natrajkumar Ramakrishna  
Partner  
Membership No. 032815

Place: Bangalore  
Date: May 13, 2013

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in our report to the members of Mindteck (India) Limited ('the Company') for the year ended March 31, 2013. 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. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noted.
- (c) Fixed assets disposed off 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. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of the Provident Fund, Employees' State Insurance, Income tax, Service tax and other material statutory dues were in arrears as at March 31, 2013 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 Service tax 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 demanded	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax/ interest	4,883,185	Assessment year 2003-04	Commissioner of Income Tax Appeals, Bengaluru
Income Tax Act, 1961	Income tax/ interest/ transfer pricing	15,179,082 (5,000,000)*	Assessment year 2006-07	Income Tax Appellate Tribunal, Bengaluru
Income Tax Act, 1961	Income tax/ interest/ transfer pricing	12,623,480 (2,900,000)*	Assessment year 2007-08	Income Tax Officer, and Income Tax Appellate Tribunal, Bengaluru
Income Tax Act, 1961	Income tax/ interest/ transfer pricing	52,140,651	Assessment year 2009-10	Dispute resolution Panel (DRP), Bengaluru

\* Amount in parenthesis represents 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 debentures 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. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- 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 during the year.
- xi. 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 BSR & Company**

*Chartered Accountants*

Firm Registration No. 128032W



**Natrajh Ramakrishna**

Partner

Membership No. 032815

Place: Bangalore

Date: May 13, 2013

# BALANCE SHEET AS AT MARCH 31, 2013

			Amount in Rs.
	Note	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3.1.1	<b>245,167,710</b>	244,524,720
Reserves and surplus	3.1.2	<b>1,203,533,253</b>	1,181,644,440
		<b>1,448,700,963</b>	1,426,169,160
<b>Share application money pending allotment</b>	3.1.1 (b)	<b>7,565,656</b>	12,294,204
<b>Non-current liabilities</b>			
Long-term borrowings	3.2.1	<b>4,625,178</b>	-
Other long term liabilities	3.2.2	<b>2,681,497</b>	2,690,738
Long-term provisions	3.2.3	<b>11,044,429</b>	6,940,961
		<b>18,351,104</b>	9,631,699
<b>Current liabilities</b>			
Trade payables	3.3.1	<b>26,356,068</b>	38,262,407
Other current liabilities	3.3.2	<b>36,383,774</b>	22,929,285
Short-term provisions	3.3.3	<b>12,473,189</b>	12,691,019
		<b>75,213,031</b>	73,882,711
		<b>1,549,830,754</b>	1,521,977,774
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	3.4.1	<b>16,557,043</b>	14,234,029
Intangible fixed assets	3.4.1	<b>6,451,872</b>	5,566,061
Non-current investments	3.4.2	<b>1,231,291,030</b>	1,231,291,030
Deferred tax assets (net)	3.4.3	<b>3,422,730</b>	5,167,365
Long-term loans and advances	3.4.4	<b>125,508,100</b>	87,729,569
Other non-current assets	3.4.5	-	4,951,947
		<b>1,383,230,775</b>	1,348,940,001
<b>Current assets</b>			
Trade receivables	3.5.1	<b>100,800,185</b>	93,857,603
Cash and bank balances	3.5.2	<b>29,627,364</b>	26,154,418
Short-term loans and advances	3.5.3	<b>21,295,627</b>	36,684,014
Other current assets	3.5.4	<b>14,876,803</b>	16,341,738
		<b>166,599,979</b>	173,037,773
		<b>1,549,830,754</b>	1,521,977,774
Significant accounting policies		2	

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**Javed Gaya**

Director

**B.V. Ramesh**

Financial Controller

**Shivarama Adiga S.**

Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Amount in Rs.

	Note	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from operations		<b>580,385,534</b>	560,696,095
Other income	3.6	<b>3,866,885</b>	3,622,697
<b>Total revenues</b>		<b>584,252,419</b>	564,318,792
<b>Expenses</b>			
Employee benefits expenses	3.7	<b>364,143,980</b>	336,958,975
Cost of technical sub-contractors		<b>11,899,507</b>	11,867,988
Finance costs	3.8	<b>2,271,276</b>	927,334
Depreciation and amortization expense	3.4.1	<b>4,694,732</b>	8,591,343
Other expenses	3.9	<b>168,403,475</b>	190,045,610
<b>Total expenses</b>		<b>551,412,970</b>	548,391,250
<b>Profit before tax</b>		<b>32,839,449</b>	15,927,542
Tax expense			
Current tax		<b>(13,291,559)</b>	(10,700,038)
Deferred tax (charge) / credit		<b>(1,744,635)</b>	2,174,686
<b>Profit after tax</b>		<b>17,803,255</b>	7,402,190
<b>Earning per equity share</b>			
Equity shares of par value Rs.10/- each			
Basic		<b>0.73</b>	0.30
Diluted		<b>0.72</b>	0.30
Weighted average number of equity shares used in computing earnings per share			
Basic	3.19	<b>24,492,461</b>	24,400,189
Diluted	3.19	<b>24,624,751</b>	24,689,905
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**Javed Gaya**

Director

**B.V. Ramesh**

Financial Controller

**Shivarama Adiga S.**

Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Amount in Rs.

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Cash flow from operating activities</b>		
Profit before taxation	32,839,449	15,927,542
Adjustments:		
Depreciation and amortization	4,694,732	8,591,343
Interest expense	1,396,371	22,271
Interest income	(521,106)	(791,366)
Provision no longer required written back	(1,166,161)	-
Mark to market loss on derivative contracts	-	12,870,717
(Profit)/loss on sale of fixed assets	(91,162)	(83,406)
Provision for doubtful debts and advances	5,000,000	20,692
Operating profit before working capital changes	42,152,123	36,557,793
Changes in trade receivables	(6,942,582)	28,025,138
Changes in loans and advances and other assets	(30,876,156)	(9,316,374)
Changes in current liabilities and provisions	(22,631,468)	(43,268,507)
Cash generated from operations before taxes	(18,298,083)	11,998,050
Income taxes paid, net	(1,337,209)	(13,527,250)
<b>Net cash used by operating activities</b>	<b>(19,635,292)</b>	<b>(1,529,200)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(7,970,885)	(5,565,085)
Proceeds from sale of fixed assets	264,032	136,489
Interest received	521,106	791,366
<b>Net cash used by investing activities</b>	<b>(7,185,747)</b>	<b>(4,637,230)</b>
<b>Cash flow from financing activities</b>		
Interest paid on loans	(1,031,193)	(22,271)
Proceeds from term loans	31,325,178	-
<b>Net cash provided/(used) by financing activities</b>	<b>30,293,985</b>	<b>(22,271)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,472,946</b>	<b>(6,188,701)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>26,154,418</b>	<b>32,343,119</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>29,627,364</b>	<b>26,154,418</b>

Cash and cash equivalents at the end of the year include unpaid dividend account aggregating to Rs 326,666 (previous year Rs 327,041) and deposit with a maturity more than twelve months aggregating to Rs 122,906 (previous year Rs 292,206).

\* Refer note 3.5.2

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**  
Managing Director

**Javed Gaya**  
Director

**B.V. Ramesh**  
Financial Controller

**Shivarama Adiga S.**  
Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

## 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 Electronic Design, Firmware and Software in key vertical areas of Life Sciences and Analytical Instruments, Semiconductor Fab Equipment, Medical Instruments and in the 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 headquartered in Bengaluru with a branch office in Kolkata. The software development centers in Bengaluru 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 the 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 in India ('GAAP') 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 long-term loans and advances and capital work-in-progress respectively.

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 amortized 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 amortized 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 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.

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 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.

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.

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'. 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 realization 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 diluted 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 net assets, 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 for impairment.

## 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 on a straight line basis.

## 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 NOTES TO THE FINANCIAL STATEMENTS

#### 3.1.1 SHARE CAPITAL

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
<b>Equity shares</b> 28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	<b>280,000,000</b>	280,000,000
<b>Preference shares</b> 500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	<b>50,000,000</b>	50,000,000
	<b>330,000,000</b>	<b>330,000,000</b>
<b>Issued, subscribed and paid-up capital</b>		
<b>Equity shares</b> 24,932,771 (previous year 24,868,472) equity shares of Rs 10 each fully paid-up	<b>249,327,710</b>	248,684,720
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid-up held by the Mindteck Employees Welfare Trust (refer to note 'a' below)	<b>(4,160,000)</b>	(4,160,000)
	<b>245,167,710</b>	<b>244,524,720</b>

a) 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.

b) 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 to the shareholders of Chendle Holdings. 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'.

Of the total purchase consideration payable, 102,878 equity shares (Previous year: 167,177 equity shares) 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. During the year, the Company, on receipt of the PAN, has allotted 64,299 shares of Rs 10 par value at the aforesaid price of Rs 73.54, which has been described in the preceding paragraph. Accordingly, an amount of Rs 4,085,558 i.e., Rs 63.54 per equity share has been recorded as securities premium in the current year. The remaining 102,878 shares aggregating Rs 7,565,648 (at a price of Rs 73.54 each) shall be issued on receipt of PAN from the shareholders.

c) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year is given below:

Amount in Rs.

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	Amount	Numbers	Amount
<b>Equity Shares</b>				
Number of shares outstanding at the beginning of the year (after reduction of equity shares held by Mindteck Employees Welfare Trust)	24,452,472	244,524,720	24,349,593	243,495,930
Add: shares issued from the shares reserved for issuance (refer note 3.1.1 (b) of schedule 3)	64,299	642,990	102,879	1,028,790
Number of shares outstanding at the end of the year	24,516,771	245,167,710	24,452,472	244,524,720

d) The Company has two class of shares referred to as equity shares having a par value of Rs 10 and cumulative, non-convertible, redeemable preference shares having a par value of Rs 100. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Equity shares held by holding company and subsidiary of holding company is given below:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of shares	%	No. of shares	%
Embtech Holdings Limited, holding company	16,169,857		16,169,857	
Infotech Ventures Limited, subsidiary of intermediary holding company	261,747		261,747	

f) Equity shareholders holding more than 5 percent of equity shares along with the number of equity shares held is as given below:

Sl. No. Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of shares	%	No. of shares	%
1 Embtech Holdings Limited	16,169,857	64.85%	16,169,857	65.02%
2 Banco Efisa S.A	2,726,668	10.94%	2,726,668	10.96%

g) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

h) Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	-	100,000	3,069,944	7,800,000

The above 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.

i) Employee stock options

ii) *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.

ii) *Mindteck Employee Stock Option Scheme 2005*

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

During the year ended March 31, 2013, the Company has granted 71,700 options on May 5, 2012 at an exercise price of Rs 16.35 per share, 16,500 options on August 7, 2012 at Rs 17.95 per share and 8,400 options on November 8, 2012 at Rs 17.20

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

Particulars	Amount in Rs.			
	Year ended March 31, 2013	Weighted average exercise price (Rs.)	Year ended March 31, 2012	Weighted average exercise price (Rs.)
Number of options		Number of options		
Options outstanding at the beginning of the year	<b>406,700</b>	<b>23.86</b>	168,867	40.44
Granted during the year	<b>96,600</b>	<b>16.70</b>	316,200	18.93
Exercised during the year	-	-	-	-
Forfeited during the year	<b>45,900</b>	<b>50.55</b>	49,567	42.58
Lapsed during the year	<b>108,200</b>	<b>21.76</b>	28,800	34.65
Options outstanding at the end of the year	<b>349,200</b>	<b>19.02</b>	406,700	23.86
Options exercisable at the end of the year	<b>99,400</b>	<b>21.41</b>	82,233	41.60

The weighted average remaining contractual life of the options outstanding as at March 31, 2013 is 5.47 years (previous year 5.75 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, 2013 would have been Rs 17,353,997 (previous year Rs 6,944,510) i.e. lower by Rs 449,258 (previous year lower by Rs 457,680) and the basic and diluted EPS for the year would have been Rs 0.71 and Rs 0.70 (previous year Rs 0.28 and Rs 0.28) 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 50-100% 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.

### iii) 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.

## 3.1.2 RESERVES AND SURPLUS

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Capital reserve</b>	<b>35,689,935</b>	35,689,935
<b>Securities premium reserve</b>	<b>1,024,584,784</b>	1,018,047,852
Opening balance		
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [refer note 3.1.1(a)]	(36,240,000)	(36,240,000)
	<b>988,344,784</b>	981,807,852
Add: Additions during the period on issue of shares from shares reserved for issuance [refer note 3.1.1(b)]	<b>4,085,558</b>	6,536,932
	<b>992,430,342</b>	988,344,784
<b>Surplus (Balance in the statement of profit and loss)</b>	<b>157,609,721</b>	150,207,531
Opening balance		
Add: Amount transferred from statement of profit and loss	<b>17,803,255</b>	7,402,190
Amount available for appropriations	<b>175,412,976</b>	157,609,721
Total	<b>1,203,533,253</b>	1,181,644,440

## 3.2.1 LONG-TERM BORROWINGS

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Others</b>		
Term loan (refer note 3.23)	<b>4,625,178</b>	-
Total	<b>4,625,178</b>	-

## 3.2.2 OTHER LONG-TERM LIABILITIES

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Others</b>		
Rent equalisation reserve	<b>604,292</b>	277,455
Rental deposit	<b>2,077,205</b>	2,413,283
Total	<b>2,681,497</b>	2,690,738

### 3.2.3 LONG-TERM PROVISIONS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Provision for employee benefits</b>		
- Gratuity (refer note 3.3.4)	7,585,882	2,569,378
- Compensated absences	3,458,547	4,371,583
Total	11,044,429	6,940,961

### 3.3.1 TRADE PAYABLES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
Due to Micro and Small enterprises (refer note 3.21)	-	37,673
Inter-company payables	9,730,400	25,552,509
Accrued expenses	8,525,390	8,185,593
Others	8,100,278	4,486,632
Total	26,356,068	38,262,407

### 3.3.2 OTHER CURRENT LIABILITIES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
Unearned income	854,803	1,158,190
Unpaid dividends	322,476	322,751
Other liabilities		
- Current portion of long-term borrowing (refer note 3.23)	26,700,000	-
- Derivative liability	-	12,870,717
- Statutory liabilities	6,884,655	6,241,175
- Rent equalisation reserve	79,322	1,031,244
- Salary payable	1,542,518	1,305,208
Total	36,383,774	22,929,285

### 3.3.3 SHORT-TERM PROVISIONS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Compensated absences	725,883	730,305
- Bonus and incentives	6,988,793	9,253,657
Other provisions		
- Taxation	4,758,513	2,707,057
Total	12,473,189	12,691,019

### 3.3.4 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

#### Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregated to Rs 13,812,440 (previous year: Rs 13,042,204).

#### Defined benefit plans

The Company operates post-employment defined benefit plans that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is funded by the plan assets.

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

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Obligations at beginning of the year	10,642,518	8,031,700	7,401,745	7,297,187	4,645,668
Service cost	4,720,513	4,506,137	2,067,453	1,023,457	3,105,642
Interest cost	792,985	643,842	509,623	544,981	310,953
Benefits paid	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)	(424,958)
Actuarial (gain)/loss	(160,628)	(1,501,236)	87,062	(807,630)	(340,118)
<b>Obligations at end of the year</b>	<b>14,659,660</b>	<b>10,642,518</b>	<b>8,031,700</b>	<b>7,401,745</b>	<b>7,297,187</b>
<b>Change in plan assets</b>					
Plan assets at beginning of the year, at fair value	8,073,140	4,392,359	5,582,750	3,718,637	2,419,100
Expected return on plan assets	264,986	461,072	381,264	352,761	229,940
Actuarial gain/(loss)	71,383	57,634	62,249	129,612	(112,330)
Contributions	-	4,200,000	400,279	2,037,990	1,606,885
Benefits paid	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)	(424,958)
<b>Plan assets at end of the year, at fair value</b>	<b>7,073,778</b>	<b>8,073,140</b>	<b>4,392,359</b>	<b>5,582,750</b>	<b>3,718,637</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>					
Present value of the defined benefit obligations at the end of the year	14,659,660	10,642,518	8,031,700	7,401,745	7,297,187
Fair value of plan assets at the end of the year	(7,073,778)	(8,073,140)	(4,392,359)	(5,582,750)	(3,718,637)
<b>Liability recognized in the balance sheet</b>	<b>7,585,882</b>	<b>2,569,378</b>	<b>3,639,341</b>	<b>1,818,995</b>	<b>3,578,550</b>
Current liability (within 12 months)	-	-	-	-	-
Non current liability	7,585,882	2,569,378	3,639,341	1,818,995	3,578,550
<b>Liability recognized in the balance sheet</b>	<b>7,585,882</b>	<b>2,569,378</b>	<b>3,639,341</b>	<b>1,818,995</b>	<b>3,578,550</b>

### 3.3.4 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Continued)

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
<b>Gratuity cost</b>					
Service cost	4,720,513	4,506,137	2,067,453	1,023,457	3,105,642
Interest cost	792,985	643,842	509,623	544,981	310,953
Expected return on plan assets	(264,986)	(461,072)	(381,264)	(352,761)	(229,940)
Actuarial (gain)/loss	(232,011)	(1,558,870)	24,813	(937,242)	(227,788)
<b>Net gratuity cost</b>	<b>5,016,501</b>	<b>3,130,037</b>	<b>2,220,625</b>	<b>278,435</b>	<b>2,958,867</b>
<b>Assumptions</b>					
Interest rate	7.95% p.a.	8.57% p.a.	7.98% p.a.	7.82% p.a.	7.00% p.a.
Expected rate of return on plan assets	8.00% p.a.				
Expected rate of salary increase	10.00% p.a.	11.00% p.a.	10.00% p.a.	6.00% p.a.	6.00% p.a.
Attrition rate	19.00% p.a.	20.00% p.a.	28.00% p.a.	20.00% p.a.	15.00% p.a.
Retirement age	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.

### 3.4.1 FIXED ASSETS

	Assets	Gross Block			Accumulated Depreciation			Net block As at March 31, 2012
		As at April 1, 2012	Additions during the year	Deletions during the year	As at March 31, 2013	As at April 1, 2012	Charge for the year	
<b>Tangible assets</b>								
Computer equipment	33,676,359	536,424	1,548,365	32,664,418	30,151,885	1,497,300	1,496,150	30,153,035
Office equipment	13,509,471	2,686,949	2,996,587	13,199,833	11,079,903	1,220,716	2,921,570	9,379,049
Furniture and fixtures	13,156,358	2,383,868	3,419,190	12,121,036	12,870,947	228,242	3,373,552	9,725,637
Building-given under operating lease	10,156,520	-	-	10,156,520	2,161,944	165,099	-	2,327,043
<b>Total (A)</b>	<b>70,498,708</b>	<b>5,607,241</b>	<b>7,964,142</b>	<b>68,141,807</b>	<b>56,264,679</b>	<b>3,111,357</b>	<b>7,791,272</b>	<b>51,584,764</b>
<b>Intangible assets, owned:</b>								
Goodwill (arising on business acquisition)	7,000,000	-	-	7,000,000	7,000,000	-	-	7,000,000
Computer software	29,221,043	2,469,186	-	31,690,229	23,654,982	1,583,375	-	25,238,357
<b>Total (B)</b>	<b>36,221,043</b>	<b>2,469,186</b>	<b>-</b>	<b>38,690,229</b>	<b>30,654,982</b>	<b>1,583,375</b>	<b>-</b>	<b>32,238,357</b>
<b>Total (A+B)</b>	<b>106,719,751</b>	<b>8,076,427</b>	<b>7,964,142</b>	<b>106,832,036</b>	<b>86,919,661</b>	<b>4,694,732</b>	<b>7,791,272</b>	<b>83,823,121</b>
Previous year	101,107,014	5,830,937	218,200	106,719,751	78,493,435	8,591,343	165,117	86,919,661
								19,800,090

### 3.4.2 NON-CURRENT INVESTMENTS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Trade investment</b>		
Un-quoted equity shares, fully paid up (valued at cost)		
- Investment in subsidiaries	1,231,291,030	1,231,291,030
Total	1,231,291,030	1,231,291,030

Detail of investment in equity instruments of subsidiaries (100% wholly owned) is as given below:

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
500 (previous year 500) common stock of BHD 100 par value of Mindteck Middle East SPC, Bahrain, fully paid	1,830,360	1,830,360
250,000 (previous year 250,000) common stock of MYR 1 par value of Mindteck Software Malaysia SDN. BHD, fully paid	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., fully paid	84,664,219	84,664,219
968,408 (previous year 968,408) ordinary shares of GBP 1 par value of Mindteck UK Limited, fully paid	14,804,544	14,804,544
2 (previous year 2) shares of USD 1 par value of Chendle Holdings Limited, fully paid	195,419,991	195,419,991
13,000 (previous year 13,000) common stock of USD 1 par value of Mindteck Inc, USA, fully paid	931,555,704	931,555,704
Total	1,231,291,030	1,231,291,030

### 3.4.3 DEFERRED TAX ASSETS (NET)

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

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax liability</b>		
Fixed assets	(858,050)	-
	(858,050)	-
<b>Deferred tax asset</b>		
Fixed assets	-	2,174,191
Provision for doubtful debts	79,624	79,624
Compensated absences	1,518,118	1,655,308
Gratuity	2,461,239	833,635
Others	221,799	424,607
	4,280,780	5,167,365
Total deferred tax assets (net)	3,422,730	5,167,365

### 3.4.4 LONG-TERM LOANS AND ADVANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advance tax and tax deducted at source	27,397,144	27,396,144
Taxes paid under protest	7,900,000	7,900,000
Service tax input credit	46,021,053	41,420,554
Security deposits	44,189,903	11,012,871
(Unsecured considered doubtful)		
Security deposits	5,000,000	-
	130,508,100	87,729,569
Less: Provision for doubtful deposits	(5,000,000)	-
Total	125,508,100	87,729,569

### 3.4.5 OTHER NON-CURRENT ASSETS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
MAT credit entitlement	-	4,951,947
Total	-	4,951,947

#### 3.5.1 TRADE RECEIVABLES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Debts overdue for a period exceeding six months		
- Considered good	-	-
- Considered doubtful	245,413	245,413
Less: Provision for doubtful debts	(245,413)	(245,413)
	-	-
Other debts		
- Considered good	100,800,185	93,857,603
Total	100,800,185	93,857,603

#### 3.5.2 CASH AND BANK BALANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Cash and cash equivalent</b>		
Balances with banks		
- Current accounts	26,321,168	15,541,492
- Deposit accounts	2,738,861	9,953,260
Cash on hand	117,763	40,419
Other bank balances		
- Unpaid dividend account	326,666	327,041
- Deposit with a maturity for more than twelve months	122,906	292,206
Total	29,627,364	26,154,418

#### 3.5.3 SHORT-TERM LOANS AND ADVANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Security deposits	11,608,518	28,094,140
Prepaid expenses	5,975,439	5,196,089
Service tax input credit	2,788,698	1,570,000
Employee advances	922,972	1,717,151
Supplier advances	-	106,634
Total	21,295,627	36,684,014

### 3.5.4 OTHER CURRENT ASSETS

Particulars	As at March 31, 2013	As at March 31, 2012	Amount in Rs.
Unbilled revenue	8,747,325	10,111,030	
Claimable expenses	1,373,551	2,742,820	
Due from related parties [refer note 3.18(e)]	4,755,927	3,487,888	
Total	<b>14,876,803</b>	<b>16,341,738</b>	

### 3.6 OTHER INCOME

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Amount in Rs.
Interest income	521,106	791,366	
Rental income	2,088,456	2,088,456	
Profit on sale of fixed assets, net	91,162	83,406	
Provisions no longer required written back	1,166,161	-	
Other non-operating income	-	659,469	
Total	<b>3,866,885</b>	<b>3,622,697</b>	

### 3.7 EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Amount in Rs.
Salaries and wages	334,809,742	311,288,581	
Contribution to provident and other funds	18,902,689	16,529,436	
Staff welfare expenses	10,431,549	9,140,958	
Total	<b>364,143,980</b>	<b>336,958,975</b>	

### 3.8 FINANCE COSTS

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Amount in Rs.
Interest expense	1,396,371	22,271	
Bank charges	874,905	905,063	
Total	<b>2,271,276</b>	<b>927,334</b>	

### 3.9 OTHER EXPENSES

Amount in Rs.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Rent	<b>48,356,747</b>	48,274,942
Hiring charges	<b>9,122,301</b>	7,892,414
Marketing and sales support costs	-	11,713,126
Travel expenses	<b>20,097,341</b>	28,299,959
Foreign exchange loss, net	<b>11,903,910</b>	30,860,733
Power and fuel	<b>14,253,547</b>	13,780,253
Communication expenses	<b>7,621,291</b>	7,618,652
Professional charges	<b>15,843,769</b>	10,291,871
Repairs and maintenance-building	-	-
Repairs and maintenance-others	<b>14,188,218</b>	8,424,767
Project supply and services	<b>5,130,213</b>	2,931,738
Rates and taxes	<b>486,412</b>	1,312,283
Insurance	<b>1,644,251</b>	1,975,645
Remuneration to auditors	<b>2,189,176</b>	2,101,750
Membership and subscription	<b>1,791,189</b>	1,965,807
Printing and stationery	<b>1,276,051</b>	1,190,392
Recruitment expenses	<b>2,090,807</b>	5,301,001
Provision for doubtful advances, net	<b>5,000,000</b>	-
Provision for doubtful debts, net	-	20,692
Miscellaneous expenses	<b>7,408,252</b>	6,089,585
<b>Total</b>	<b>168,403,475</b>	190,045,610

### 3.10 CONTINGENT LIABILITIES AND COMMITMENTS

- Corporate Guarantee of Rs 109,310,000 i.e. USD 2 million (previous year: Rs 104,061,600 i.e. USD 2 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.
- Income tax matters aggregating to Rs 84,826,398 (previous year: Rs 32,685,747) 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.

### 3.11 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 of sales and certain information as required under paragraphs 5 (viii) (c) of general instructions for preparation of the statement of profit and loss as per revised Schedule VI to the Companies Act, 1956.

### 3.12 VALUE OF IMPORTS ON CIF BASIS

Particulars	Amount in Rs.	
	Year ended March 31, 2013	Year ended March 31, 2012
Capital goods	17,966,987	17,343,301
Total	17,966,987	17,343,301

### 3.13 EXPENDITURE IN FOREIGN CURRENCY

Particulars	Amount in Rs.	
	Year ended March 31, 2013	Year ended March 31, 2012
Travel expenses	14,847,873	20,325,825
Marketing and sales support costs	-	11,713,126
Project supply and services	4,882,050	2,205,772
Membership and subscription	957,485	440,857
Total	20,687,408	34,685,580

### 3.14 EARNINGS IN FOREIGN CURRENCY

Particulars	Amount in Rs.	
	Year ended March 31, 2013	Year ended March 31, 2012
Export of software services	520,405,275	508,080,884
IT-enabled services	43,277,372	40,721,944
Total	563,682,647	548,802,828

### 3.15 MANAGERIAL REMUNERATION

Mr. Wayne Mitchell Berkowitz was appointed as the Company's Managing Director with effect from February 6, 2012. No remuneration is payable to the Managing Director by the Company in the current year as well as in the previous year. Further, no remuneration has been paid to Non-Executive directors during the current year as well as in the previous year. Mr. Wayne Mitchell Berkowitz is a non-resident foreign citizen and is therefore unable to satisfy the condition mentioned in Part 1(e) of Schedule XIII of the Companies Act, 1956. Accordingly the Company vide its letter dated March 23, 2012 filed an application in Form 25A seeking approval of the Central Government to the appointment of Mr. Wayne Mitchell Berkowitz as the Managing Director of the Company pursuant to Section 269 of the Companies Act, 1956. Approval was received from the Government vide their letter dated September 17, 2012. Mr. Wayne Mitchell Berkowitz is an employee of subsidiary company Mindteck Inc., USA. The total salary paid to him by Mindteck Inc., during the year ended March 31, 2013 is USD 250,000 (Approximately Rs 13,637,357) and the same is not recharged to the Company.

### 3.16 SEGMENTAL REPORTING

The Company's operations predominantly relate to providing software and IT-enabled services which constitute the Company's two primary business segments. The Company considers the business segment as the primary segment and geographical segment based on the location of customers as the secondary segment.

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

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

Segment assets excluding sundry debtors, segment liabilities and fixed assets used in the Company's business have not been identified

to any reportable segment, as these are used interchangeably between segments and hence Management believes that it is currently not practical to provide segment disclosures relating to total carrying amount of segment assets, liabilities and fixed assets, since a meaningful segregation is not possible.

#### Business segments

Amount in Rs.

Statement of profit and loss for the year ended March 31, 2013	Software services	IT-enabled services	TOTAL
Revenues	531,512,226	48,873,308	580,385,534
Operating expenses, net	331,184,741	26,805,566	357,990,307
<b>Segmental operating income</b>	<b>200,327,485</b>	<b>22,067,742</b>	<b>222,395,227</b>
Unallocable expenses			191,151,387
Interest expense			2,271,276
Other income			3,866,885
<b>Net profit before taxes</b>			<b>32,839,449</b>
Income taxes			(15,036,194)
<b>Net profit after taxes</b>			<b>17,803,255</b>

Amount in Rs.

Statement of profit and loss for the year ended March 31, 2012	Software services	IT-enabled services	TOTAL
Revenues	519,974,151	40,721,944	560,696,095
Operating expenses, net	334,383,150	16,109,687	350,492,837
<b>Segmental operating income</b>	<b>185,591,001</b>	<b>24,612,257</b>	<b>210,203,258</b>
Unallocable expenses			196,971,079
Interest expense			927,334
Other income			3,622,697
<b>Net profit before taxes</b>			<b>15,927,542</b>
Income taxes			8,525,352
<b>Net profit after taxes</b>			<b>7,402,190</b>

#### Segment assets

Amount in Rs.

Segment assets for the year ended March 31, 2013	Software services	IT-enabled services	TOTAL
Sundry debtors	97,367,140	3,433,045	100,800,185
Unallocable	-	-	1,449,030,569
<b>Total</b>	<b>97,367,140</b>	<b>3,433,045</b>	<b>1,549,830,754</b>

Amount in Rs.

Segment assets for the year ended March 31, 2012	Software services	IT-enabled services	TOTAL
Sundry debtors	89,159,490	4,698,113	93,857,603
Unallocable	-	-	1,428,120,171
<b>Total</b>	<b>89,159,490</b>	<b>4,698,113</b>	<b>1,521,977,774</b>

## Geographical segments

	Amount in Rs.	
Revenue	Year ended March 31, 2013	Year ended March 31, 2012
USA	487,422,854	440,044,507
Europe	73,269,184	100,929,878
India	16,702,887	11,893,267
Rest of the world	2,990,609	7,828,443
Total	580,385,534	560,696,095

## 3.17 LEASE TRANSACTIONS

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

Lease rental expense for office facilities under non-cancellable operating leases during the year ended March 31, 2013 amounted to Rs 11,889,630 (previous year Rs 3,811,471).

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

	Amount in Rs.	
Minimum lease payments	As at March 31, 2013	As at March 31, 2012
Payable - not later than one year	48,153,002	4,049,141
Payable - later than one year and not later than five years	89,885,603	4,012,285

Additionally, the Company leases office facilities, residential facilities and equipment under cancellable operating leases. The rental expense under cancellable operating leases during the year ended March 31, 2013 amounted to Rs 36,467,117 (previous year Rs 44,463,471).

## 3.18 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 Group Holding 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  
Infotech Ventures Ltd. - Subsidiary of Intermediary holding company

#### (ii) Subsidiaries (including step subsidiaries)

Mindteck Inc., USA [formerly Infotech Consulting Inc.]  
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

#### (iii) Mindteck Employees Welfare Trust (MEWT)

**b) Key Managerial Personnel**

Wayne Mitchell Berkowitz - Managing Director  
 Javed Gaya - Non-Executive Director  
 Narayan Ambat Menon - Non-Executive Director  
 Yusuf Lanewala - Non-Executive Director (appointed as Additional Director with effect from February 13, 2013)

**(c) Transactions with related parties for the year ended are as follows:**

Amount in Rs.

Sl. No.	Transaction/nature of relationship	Subsidiaries including step-subsidiaries)	
		For the year ended March 31, 2013	For the year ended March 31, 2012
(i)	<b>Income from software and IT-enabled services:</b>		
	Mindteck Inc., USA	487,422,854	440,044,507
	Mindteck UK Limited	73,269,184	100,929,878
	Mindteck Singapore Pte. Limited	1,393,636	5,797,911
	Mindteck Middle East Limited SPC	1,297,123	2,030,532
	Mindteck Software Malaysia SDN. BHD	299,850	-
	<b>TOTAL</b>	<b>563,682,647</b>	<b>548,802,828</b>
(ii)	<b>Reimbursement of expenses incurred on behalf of:</b>		
	Mindteck Inc., USA	26,949,095	35,057,775
	Mindteck UK Limited	6,048,703	11,619,953
	Mindteck Singapore Pte. Limited	1,274,036	2,016,319
	Mindteck Middle East Limited SPC	1,063,331	972,249
	Mindteck Netherlands BV	-	16,545
	Mindteck Software Malaysia SDN. BHD	1,436,432	788,243
	Mindteck Germany GmbH	-	16,545
	<b>TOTAL</b>	<b>36,771,597</b>	<b>50,487,629</b>
(iii)	<b>Marketing and sales support expense:</b>		
	Mindteck UK Limited	-	11,713,126
	<b>TOTAL</b>	<b>-</b>	<b>11,713,126</b>
(iv)	<b>Reimbursement of expenses incurred by:</b>		
	Mindteck Inc., USA	12,924,183	16,130,694
	Mindteck UK Limited	-	360,846
	Mindteck Singapore Pte. Limited	235,515	73,549
	Mindteck Middle East Limited SPC	645,369	158,229
	Mindteck Software Malaysia SDN. BHD	61,851	-
	<b>TOTAL</b>	<b>13,866,918</b>	<b>16,723,318</b>

**(d) Transactions with the key management personnel for the year ended are as follows:**

Amount in Rs.

Sl. No.	Nature of transaction	For the year ended March 31, 2013	
		For the year ended March 31, 2013	For the year ended March 31, 2012
(i)	Remuneration to directors*	-	-
(ii)	Directors' sitting fees	440,000	500,000

\* Refer note 3.15

(e) The balances receivable from and payable to related parties as at March 31, 2013 are as follows:

Amount in Rs.

Sl. No.	Transaction/nature of relationship	Subsidiaries (including step-subsidiaries)	
		As at March 31, 2013	As at March 31, 2012
(i)	<b>Balance (due to)/due from:</b>		
	<b>A) Amounts receivable:</b>		
	Mindteck Inc., USA	55,822,204	44,396,589
	Mindteck UK Limited	35,393,204	40,833,907
	Mindteck Singapore Pte. Limited	474,071	3,684,668
	Mindteck Middle East Limited SPC	744,937	1,437,884
	Mindteck Software Malaysia SDN. BHD	294,374	-
	TOTAL	92,728,790	90,353,048
	<b>B) Advances:</b>		
	Mindteck Inc., USA	675,429	722,394
	Mindteck UK Limited	316,548	428,981
	Mindteck Singapore Pte. Limited	471,964	1,631,675
	Mindteck Middle East Limited SPC	1,986,947	525,537
	Mindteck Software Malaysia SDN. BHD	1,305,039	179,301
	TOTAL	4,755,927	3,487,888
	<b>C) Amounts payable:</b>		
	Mindteck Inc., USA	9,300,087	23,235,981
	Mindteck UK Limited	-	2,081,873
	Mindteck Singapore Pte. Limited	127,803	76,427
	Mindteck Middle East Limited SPC	241,035	158,228
	Mindteck Software Malaysia SDN. BHD	61,475	-
	TOTAL	9,730,400	25,552,509

### 3.19 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Amount in Rs.

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	17,803,255	17,803,255	7,402,190	7,402,190
Shares				
Weighted average number of equity shares outstanding during the year	24,452,472	24,492,461	24,349,593	24,400,189
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	5,102	-	70,256
Weighted average number of equity shares resulting from equity shares reserved for issuance	39,989	127,188	50,596	219,460
Weighted average number of equity shares for calculation of earnings per share	24,492,461	24,624,751	24,400,189	24,689,905

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.

### 3.20 AUDITOR'S REMUNERATION

Amount in Rs.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Audit fees	<b>1,725,000</b>	1,700,000
Tax audit fee	<b>50,000</b>	100,000
Other services	<b>300,000</b>	200,000
Reimbursement of expenses	<b>114,176</b>	101,750
Total	<b>2,189,176</b>	2,101,750

**3.21** The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 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 as at the balance sheet date.

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year:		
- Principal amount payable to suppliers	-	37,673
- 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	-	-

### 3.22 DERIVATIVE INSTRUMENTS

The Company takes 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 as at March 31, 2013 and March 31, 2012 are as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Number of contracts	-	14
Amount in Foreign currency	-	USD 2,950,000
Amount in Indian Rupees	-	Rs 139,670,500

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Debtors for services rendered	<b>56,665,281</b> 519,993 1,881,581 32,932,147 294,374 435,414	<b>USD 1,036,781</b> BHD 3,536 EUR 26,852 GBP 396,169 MYR 16,560 SGD 9,879	54,494,649 1,374,638 2,162,776 32,320,985 - -	USD 1,046,775 BHD 9,903 EUR 31,131 GBP 388,124 - -
Advances recoverable	<b>4,755,927</b> -	<b>USD 87,263</b> -	3,238,063 249,825	USD 62,174 GBP 3,000
Creditors for services availed	<b>9,602,598</b> -	<b>USD 175,694</b> -	23,394,210 2,081,873	USD 449,195 GBP 25,000
	<b>127,803</b>	<b>SGD 2,899</b>	76,426	SGD 1,844

### 3.23 LONG-TERM BORROWINGS

As at March 31, 2013, Mindteck (India) Limited owes Rs 31,325,178 (previous year Rs Nil) to Axis Bank Ltd towards the term loan repayable in 21 quarterly installments commencing from April 1, 2013. The interest rate on the term loan facility was base rate plus 3.25% (presently 13.25%). The term loan facility with Axis Bank Ltd., is secured by equitable mortgage of property at Kolkata, charge on fixed assets of the Company and hypothecation charge on the entire current assets of the Company.

**3.24** Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

Place: Bangalore

Date: May 13, 2013

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**B.V. Ramesh**

Financial Controller

Place: London

Date: May 10, 2013

**Javed Gaya**

Director

**Shivarama Adiga S.**

Company Secretary

# INDEPENDENT AUDITOR'S REPORT

## TO THE BOARD OF DIRECTORS OF MINTECK (INDIA) LIMITED

We have audited the accompanying consolidated financial statements of Mindteck (India) Limited ('the Company') and subsidiaries (collectively called 'the Group'), which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements and other financial information of certain subsidiaries incorporated outside India, whose financial statements reflect total assets of Rs 44,749,805 as at March 31 2013, total revenue and other income of Rs 108,504,794 and cash flows amounting to Rs 14,446,149 for the year then ended. The financial statements and other financial information of these subsidiaries incorporated outside India have been audited by other auditors duly qualified to act as auditors. The auditor's report on these subsidiaries have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to these entities is based solely on the report of the other auditors.

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements explained above, the 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 Group as at 31 March 2013;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**for BSR & Company**  
Chartered Accountants  
Firm Registration No. 128032W



**Natraj Ramakrishna**  
Partner  
Membership No. 032815

Place: Bangalore  
Date: May 13, 2013

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	Note	As at March 31, 2013	Amount in Rs. As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3.1.1	<b>245,167,710</b>	244,524,720
Reserves and surplus	3.1.2	<b>1,034,959,496</b>	1,007,479,400
		<b>1,280,127,206</b>	1,252,004,120
<b>Share application money pending allotment</b>	3.1.1 (b)	<b>7,565,656</b>	12,294,204
<b>Non-current liabilities</b>			
Long-term borrowings	3.2.1	<b>4,625,178</b>	-
Other long-term liabilities	3.2.2	<b>3,445,982</b>	4,332,872
Long-term provisions	3.2.3	<b>38,114,779</b>	21,008,968
		<b>46,185,939</b>	25,341,840
<b>Current liabilities</b>			
Short-term borrowings	3.3.1	<b>10,283,065</b>	-
Trade payables	3.3.2	<b>150,883,287</b>	119,451,656
Other current liabilities	3.3.3	<b>127,380,230</b>	94,931,256
Short-term provisions	3.3.4	<b>73,697,042</b>	71,189,388
		<b>362,243,624</b>	285,572,300
		<b>1,696,122,425</b>	1,575,212,464
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	3.4.1	<b>17,531,309</b>	19,892,220
Intangible fixed assets	3.4.1	<b>881,186,666</b>	878,863,481
Deferred tax assets (net)	3.4.2	<b>3,422,730</b>	5,167,365
Long-term loans and advances	3.4.3	<b>129,269,704</b>	90,505,539
Other non-current assets	3.4.4	-	4,951,947
		<b>1,031,410,409</b>	999,380,552
<b>Current assets</b>			
Trade receivables	3.5.1	<b>466,840,329</b>	340,255,863
Cash and bank balances	3.5.2	<b>79,936,896</b>	106,059,549
Short-term loans and advances	3.5.3	<b>27,364,724</b>	43,621,867
Other current assets	3.5.4	<b>90,570,067</b>	85,894,633
		<b>664,712,016</b>	575,831,912
		<b>1,696,122,425</b>	1,575,212,464
Significant accounting policies		2	

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**Javed Gaya**

Director

**B.V. Ramesh**

Financial Controller

**Shivarama Adiga S.**

Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Amount in Rs.

	Note	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from operations		<b>2,643,173,478</b>	2,226,242,994
Other income	3.6	<b>14,488,426</b>	5,688,560
<b>Total revenues</b>		<b>2,657,661,904</b>	2,231,931,554
<b>Expenses</b>			
Employee benefits expenses	3.7	<b>1,813,258,348</b>	1,471,222,976
Cost of technical sub-contractors		<b>495,158,034</b>	471,226,421
Finance costs	3.8	<b>4,957,890</b>	3,079,604
Depreciation and amortization expense	3.4.1	<b>10,780,199</b>	16,813,986
Other expenses	3.9	<b>308,305,880</b>	300,885,452
<b>Total expenses</b>		<b>2,632,460,351</b>	2,263,228,439
<b>Profit /(loss) before tax</b>		<b>25,201,553</b>	(31,296,885)
Tax expense			
Current tax		<b>(12,861,289)</b>	(3,807,122)
Deferred tax charge		<b>(1,744,635)</b>	(15,478,980)
<b>Profit /(loss) after tax</b>		<b>10,595,629</b>	(50,582,987)
<b>Earning /(loss) per equity share</b>			
Equity shares of par value Rs.10/- each			
Basic		<b>0.43</b>	(2.07)
Diluted		<b>0.43</b>	(2.07)
Weighted average number of equity shares used in computing earnings per share			
Basic	3.14	<b>24,492,461</b>	24,400,189
Diluted	3.14	<b>24,624,751</b>	24,689,905
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**Javed Gaya**

Director

**B.V. Ramesh**

Financial Controller

**Shivarama Adiga S.**

Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Amount in Rs.

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Cash flow from operating activities</b>		
Profit /(loss) before taxation	25,201,553	(31,296,885)
Adjustments:		
Depreciation and amortization	10,780,199	16,813,986
Interest expense	2,480,057	676,870
Interest income	(525,912)	(800,517)
Mark to market loss on derivative contracts	-	12,870,717
(Profit)/Loss on sale of fixed assets	(81,152)	(83,406)
Provision no longer required written back	(10,095,407)	(410,013)
Provision for doubtful debts and advances	5,273,316	3,210,830
Operating profit before working capital changes	33,032,654	981,582
Changes in trade receivables	(108,700,427)	103,614,777
Changes in loans and advances and other assets	(36,365,478)	2,607,346
Changes in current liabilities and provisions	66,052,526	(2,624,053)
Cash generated from operations before taxes	(45,980,725)	104,579,652
Income taxes paid, net	(2,135,906)	(8,680,444)
<b>Net cash (used)/provided by operating activities</b>	<b>(48,116,631)</b>	<b>95,899,208</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(10,436,588)	(7,703,342)
Proceeds from sale of fixed assets	272,210	568,368
Interest received	525,912	800,517
<b>Net cash used by investing activities</b>	<b>(9,638,466)</b>	<b>(6,334,457)</b>
<b>Cash flow from financing activities</b>		
Interest paid	(2,114,879)	(676,870)
Proceeds from term loans	31,325,178	-
Proceeds/(repayment) of short term borrowings, net	10,283,065	(2,848,727)
<b>Net cash provided/(used) by financing activities</b>	<b>39,493,364</b>	<b>(3,525,597)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,261,733)</b>	<b>86,039,154</b>
Effect of exchange rate changes	(7,860,920)	(40,733,214)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>106,059,549</b>	<b>60,753,609</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>79,936,896</b>	<b>106,059,549</b>

Cash and cash equivalents at the end of the year include unpaid dividend account aggregating to Rs 326,666 (previous year Rs 327,041) and deposit with a maturity more than twelve months aggregating to Rs 122,906 (previous year Rs 292,206).

\* Refer note 3.5.2

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

Partner

Membership No. 032815

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**

Managing Director

**Javed Gaya**

Director

**B.V. Ramesh**

Financial Controller

**Shivarama Adiga S.**

Company Secretary

Place: Bangalore

Date: May 13, 2013

Place: London

Date: May 10, 2013

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED FINANCIAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

## 1 DESCRIPTION OF THE GROUP

Mindteck (India) Limited ('Mindteck' or 'the company') together with its wholly owned subsidiaries, set out below, collectively referred to 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 and Managed Services and Energy Management software solutions.

The Group's clientele constitute varied industry verticals, including Public Sector (Government), High Technology (such

as Semiconductor, Data Storage, Cloud Services), Smart Energy and Product Engineering (such as Life Sciences and Analytical Instruments, Industrial Systems, Medical Systems).

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

Mindteck has wholly owned subsidiaries (including step-down subsidiaries) in the 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, 2013

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

## 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 in India ('GAAP') 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 long-term loans and advances and capital work-in-progress respectively.

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 amortized 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 capitalized and amortized 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 statement of profit and loss.

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

### *Amortization*

Intangible assets are amortized 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 amortized. It is tested for impairment on a periodic basis and written off, if found impaired. Goodwill, arising on purchase of business, is amortized 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.

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'. 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 statement of profit and loss 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 presented as "foreign currency translation reserve" under Reserves and surplus.
- \* Contingent liabilities are translated at the closing rate.

## **2.9 Provision and contingent liabilities**

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

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 diluted 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 amortized over the vesting period of the options on a straightline basis.

## **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 NOTES TO THE CONSOLIDATED FINANCIAL ACCOUNTS

#### 3.1.1 SHARE CAPITAL

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
<b>Equity shares</b>		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	<b>280,000,000</b>	280,000,000
<b>Preference shares</b>		
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	<b>50,000,000</b>	50,000,000
	<b>330,000,000</b>	330,000,000
<b>Issued, subscribed and paid-up capital</b>		
<b>Equity shares</b>		
24,932,771 (previous year 24,868,472) equity shares of Rs 10 each fully paid-up	<b>249,327,710</b>	248,684,720
Less: 416,000 (previous year 416,000) equity shares of Rs 10 each fully paid-up held by the Mindteck Employees Welfare Trust (refer to note 'a' below)	<b>(4,160,000)</b>	(4,160,000)
	<b>245,167,710</b>	244,524,720

a) 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.

b) 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 to the shareholders of Chendle Holdings. 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'.

Of the total purchase consideration payable, 102,878 equity shares (Previous year: 167,177 equity shares) 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. During the year, the Company, on receipt of the PAN, has allotted 64,299 shares of Rs 10 par value at the aforesaid price of Rs 73.54, which has been described in the preceding paragraph. Accordingly, an amount of Rs 4,085,558 i.e., Rs 63.54 per equity share has been recorded as securities premium in the current year. The remaining 102,878 shares aggregating Rs 7,565,648 (at a price of Rs 73.54 each) shall be issued on receipt of PAN from the shareholders.

c) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year is given below:

Amount in Rs.

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	Amount	Numbers	Amount
<b>Equity Shares</b>				
Number of shares outstanding at the beginning of the year (after reduction of equity shares held by Mindteck Employees Welfare Trust)	<b>24,452,472</b>	<b>244,524,720</b>	24,349,593	243,495,930
Add: shares issued from the shares reserved for issuance (refer note 3.1.1 (b))	<b>64,299</b>	<b>642,990</b>	102,879	1,028,790
Number of shares outstanding at the end of the year	<b>24,516,771</b>	<b>245,167,710</b>	24,452,472	244,524,720

d) The Company has two class of shares referred to as equity shares having a par value of Rs 10 and cumulative, non-convertible, redeemable preference shares having a par value of Rs 100. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders meeting.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Equity shares held by holding company and subsidiary of holding company is given below:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of shares	%	No. of shares	%
Embtech Holdings Limited, holding company	<b>16,169,857</b>		16,169,857	
Infotech Ventures Limited, subsidiary of intermediary holding company	<b>261,747</b>		261,747	

f) Equity shareholders holding more than 5 percent of equity shares along with the number of equity shares held is as given below:

S.No.	Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
		No. of shares	%	No. of shares	%
1	Embtech Holdings Limited	<b>16,169,857</b>	<b>64.85%</b>	16,169,857	65.02%
2	Banco Efisa S.A	<b>2,726,668</b>	<b>10.94%</b>	2,726,668	10.96%

g) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

h) Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	-	100,000	3,069,944	7,800,000

The above 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.

i) Employee stock options

i) *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.

ii) *Mindteck Employee Stock Option Scheme 2005*

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

During the year ended March 31, 2013, the Company has granted 71,700 options on May 5, 2012 at an exercise price of Rs 16.35 per share, 16,500 options on August 7, 2012 at Rs 17.95 per share and 8,400 options on November 8, 2012 at Rs 17.20.

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

Particulars	Amount in Rs.			
	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	<b>406,700</b>	<b>23.86</b>	168,867	40.44
Granted during the year	<b>96,600</b>	<b>16.70</b>	316,200	18.93
Exercised during the year	-	-	-	-
Forfeited during the year	<b>45,900</b>	<b>50.55</b>	49,567	42.58
Lapsed during the year	<b>108,200</b>	<b>21.76</b>	28,800	34.65
Options outstanding at the end of the year	<b>349,200</b>	<b>19.02</b>	406,700	23.86
Options exercisable at the end of the year	<b>99,400</b>	<b>21.41</b>	82,233	41.60

The weighted average remaining contractual life of the options outstanding as at March 31, 2013 is 5.47 years (previous year 5.75 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, 2013 would have been Rs 10,146,371 (previous year loss Rs 51,040,667) i.e. lower by Rs 449,258 (previous year loss higher by Rs 457,680) and the basic and diluted EPS for the year would have been Rs 0.41 and Rs 0.41 (previous year Rs (2.09) and Rs (2.09) 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 50-100% 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.

iii) *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.

### 3.1.2 RESERVES AND SURPLUS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Capital reserve</b>	<b>86,726,769</b>	86,726,769
<b>Securities premium reserve</b>		
Opening balance	<b>1,024,584,784</b>	1,018,047,852
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [refer note 3.1.1(a)]	<b>(36,240,000)</b>	(36,240,000)
	<b>988,344,784</b>	981,807,852
Add: Additions during the period on issue of shares from shares reserved for issuance [refer note 3.1.1(b)]	<b>4,085,558</b>	6,536,932
	<b>992,430,342</b>	988,344,784
<b>Surplus (Balance in the statement of profit and loss)</b>		
Opening balance	<b>65,023,571</b>	115,606,558
Add: Amount transferred from statement of profit and loss	<b>10,595,629</b>	(50,582,987)
Amount available for appropriations	<b>75,619,200</b>	65,023,571
<b>Foreign currency translation reserve</b>		
Opening balance	<b>18,869,283</b>	(14,286,931)
Additions during the period	<b>12,798,909</b>	33,156,214
	<b>31,668,192</b>	18,869,283
<b>Adjustment on amalgamation of foreign subsidiaries</b>		
[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.]	<b>(151,485,007)</b>	(151,485,007)
Total	<b>1,034,959,496</b>	1,007,479,400

### 3.2.1 LONG-TERM BORROWINGS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Others</b>		
Term loan (refer note 3.17)	<b>4,625,178</b>	-
Total	<b>4,625,178</b>	-

### 3.2.2 OTHER LONG-TERM LIABILITIES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Others</b>		
Rent equalisation reserve	<b>1,368,777</b>	1,919,589
Rental deposit	<b>2,077,205</b>	2,413,283
Total	<b>3,445,982</b>	4,332,872

### 3.2.3 LONG-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Provision for employee benefits</b>		
- Gratuity (Refer note 3.3.5)	7,585,882	2,569,378
- Compensated absences	30,528,897	18,439,590
Total	38,114,779	21,008,968

### 3.3.1 SHORT-TERM BORROWINGS

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
Loans repayable on demand from banks (Secured) (refer note 3.18)		
- Receivables purchase facility	6,146,129	-
- Line of credit from Citizen Bank, United States of America	4,136,936	-
Total	10,283,065	-

### 3.3.2 TRADE PAYABLES

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
Due to Micro and Small enterprises (refer note 3.19)	-	37,673
Accrued expenses	35,629,259	64,065,405
Others	115,254,028	55,348,578
Total	150,883,287	119,451,656

### 3.3.3 OTHER CURRENT LIABILITIES

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
Unearned income	6,944,945	3,911,986
Unpaid dividends	322,476	322,751
Other liabilities		
- Current portion of long-term borrowing (refer note 3.17)	26,700,000	-
- Derivative liability	-	12,870,717
- Statutory liabilities	31,191,423	22,941,185
- Rent equalisation reserve	1,002,982	1,579,519
- Salary payable	61,218,404	53,305,098
Total	127,380,230	94,931,256

### 3.3.4 SHORT-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
- Compensated absences	3,040,796	2,131,880
- Bonus and incentives	12,436,011	12,427,687
Other provisions		
- Taxation	58,220,235	56,629,821
Total	73,697,042	71,189,388

### 3.3.5 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS

#### Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregated to Rs 13,812,440 (previous year: Rs 13,042,204)

#### Defined benefit plans

The Company operates post-employment defined benefit plans that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is funded by the plan assets.

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

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	Amount in Rs.
					As at March 31, 2009
Obligations at beginning of the year	10,642,518	8,031,700	7,401,745	7,297,187	4,645,668
Service cost	4,720,513	4,506,137	2,067,453	1,023,457	3,105,642
Interest cost	792,985	643,842	509,623	544,981	310,953
Benefits paid	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)	(424,958)
Actuarial (gain)/loss	(160,628)	(1,501,236)	87,062	(807,630)	(340,118)
<b>Obligations at end of the year</b>	<b>14,659,660</b>	<b>10,642,518</b>	<b>8,031,700</b>	<b>7,401,745</b>	<b>7,297,187</b>
<b>Change in plan assets</b>					
Plan assets at beginning of the year, at fair value	8,073,140	4,392,359	5,582,750	3,718,637	2,419,100
Expected return on plan assets	264,986	461,072	381,264	352,761	229,940
Actuarial gain/(loss)	71,383	57,634	62,249	129,612	(112,330)
Contributions	-	4,200,000	400,279	2,037,990	1,606,885
Benefits paid	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)	(424,958)
<b>Plan assets at end of the year, at fair value</b>	<b>7,073,778</b>	<b>8,073,140</b>	<b>4,392,359</b>	<b>5,582,750</b>	<b>3,718,637</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>					
Present value of the defined benefit obligations at the end of the year	14,659,660	10,642,518	8,031,700	7,401,745	7,297,187
Fair value of plan assets at the end of the year	(7,073,778)	(8,073,140)	(4,392,359)	(5,582,750)	(3,718,637)
<b>Liability recognized in the balance sheet</b>	<b>7,585,882</b>	<b>2,569,378</b>	<b>3,639,341</b>	<b>1,818,995</b>	<b>3,578,550</b>

### 3.3.5 EMPLOYEE BENEFITS: POST-EMPLOYMENT BENEFIT PLANS (Continued)

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
<b>Gratuity cost</b>					
Service cost	4,720,513	4,506,137	2,067,453	1,023,457	3,105,642
Interest cost	792,985	643,842	509,623	544,981	310,953
Expected return on plan assets	(264,986)	(461,072)	(381,264)	(352,761)	(229,940)
Actuarial (gain)/loss	(232,011)	(1,558,870)	24,813	(937,242)	(227,788)
<b>Net gratuity cost</b>	<b>5,016,501</b>	<b>3,130,037</b>	<b>2,220,625</b>	<b>278,435</b>	<b>2,958,867</b>
<b>Assumptions</b>					
Interest rate	7.95% p.a.	8.57% p.a.	7.98% p.a.	7.82% p.a.	7.00% p.a.
Expected rate of return on plan assets	8.00% p.a.				
Expected rate of salary increase	10.00% p.a.	11.00% p.a.	10.00% p.a.	6.00% p.a.	6.00% p.a.
Attrition rate	19.00% p.a.	20.00% p.a.	28.00% p.a.	20.00% p.a.	15.00% p.a.
Retirement age	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.

### 3.4.1 FIXED ASSETS

Assets	As at April 1, 2012	Gross Block			Accumulated Depreciation			Net block As at March 31, 2012
		Additions/ Adjustments during the year <sup>^</sup>	Deletions/ Adjustments during the year	As at March 31, 2013	As at April 1, 2012	Charge for the year	Deletions/ Adjustments during the year	
<b>Tangible assets</b>								
Computer equipment	53,154,218	2,160,863	2,383,493	52,931,588	50,696,873	3,379,048	1,516,457	52,559,464
Office equipment	14,272,004	2,910,215	2,996,587	14,185,632	11,683,283	1,314,952	2,886,855	10,111,380
Furniture and fixtures	34,879,365	3,513,684	3,419,190	34,973,859	28,305,824	4,206,713	2,631,512	29,881,025
Vehicles	832,866	49,356	-	882,222	554,829	131,030	(33,741)	719,600
Building-given under operating lease	10,156,520	-	-	10,156,520	2,161,944	165,099	-	2,327,043
<b>Total (A)</b>	<b>113,294,973</b>	<b>8,634,118</b>	<b>8,799,270</b>	<b>113,129,821</b>	<b>93,402,753</b>	<b>9,196,842</b>	<b>7,001,083</b>	<b>95,598,512</b>
<b>Intangible assets, owned:</b>								
Goodwill (arising on business acquisition)	870,283,376	1,409,593	-	871,692,969	-	-	-	871,692,969
Computer software	43,423,117	2,876,982	65,095	46,235,004	34,843,012	1,583,357	(314,938)	36,741,307
<b>Total (B)</b>	<b>913,706,493</b>	<b>4,286,575</b>	<b>65,095</b>	<b>917,927,973</b>	<b>34,843,012</b>	<b>1,583,357</b>	<b>(314,938)</b>	<b>36,741,307</b>
<b>Total (A+B)</b>	<b>1,027,001,466</b>	<b>12,920,693</b>	<b>8,864,365</b>	<b>1,031,057,794</b>	<b>128,245,765</b>	<b>10,780,199</b>	<b>6,686,145</b>	<b>132,339,819</b>
Previous year	1,048,798,535	20,145,620	41,942,689	1,027,001,466	145,248,937	16,813,986	33,817,158	128,245,765

<sup>^</sup> Includes the effect of translation of assets held by foreign subsidiaries which are considered as non-integral operation in terms of AS 11, The Effects of Changes in Foreign Exchange Rates<sup>1</sup>

### 3.4.2 DEFERRED TAX ASSETS (NET)

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

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax liability</b>		
Fixed assets	(858,050)	-
	<u>(858,050)</u>	<u>-</u>
<b>Deferred tax asset</b>		
Fixed assets		2,174,191
Provision for doubtful debts	79,624	79,624
Provision for expenses	221,799	424,607
Compensated absences	1,518,118	1,655,308
Gratuity	2,461,239	833,635
	<u>4,280,780</u>	<u>5,167,365</u>
Total Deferred tax assets (net)	<b>3,422,730</b>	5,167,365

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.

### 3.4.3 LONG-TERM LOANS AND ADVANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Advance tax and tax deducted at source (net of provision for income tax)	29,123,883	28,354,958
Taxes paid under protest	7,900,000	7,900,000
Service tax input credit	46,021,053	41,420,554
Security deposits	46,224,768	12,830,027
(Unsecured considered doubtful)		
Security deposits	<u>5,000,000</u>	-
Less: Provision for doubtful deposits	<u>134,269,704</u>	90,505,539
	<u>(5,000,000)</u>	-
Total	<b>129,269,704</b>	90,505,539

### 3.4.4 OTHER NON-CURRENT ASSETS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
MAT credit entitlement	-	4,951,947
Total	-	4,951,947

### 3.5.1 TRADE RECEIVABLES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured)		
Debts overdue for a period exceeding six months	-	-
- Considered good	<u>6,185,339</u>	8,362,756
- Considered doubtful	<u>(6,185,339)</u>	(8,362,756)
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
Other debts		
- Considered good	<u>466,840,329</u>	340,255,863
Total	<b>466,840,329</b>	340,255,863

### 3.5.2 CASH AND BANK BALANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
<b>Cash and cash equivalent</b>		
Balances with banks		
- Current accounts	<b>74,741,545</b>	93,614,075
- Deposit accounts	<b>4,429,940</b>	11,646,265
Cash on hand	<b>315,839</b>	179,962
Other bank balances		
- Unpaid dividend account	<b>326,666</b>	327,041
- Deposit with a maturity for more than twelve months	<b>122,906</b>	292,206
Total	<b>79,936,896</b>	106,059,549

### 3.5.3 SHORT-TERM LOANS AND ADVANCES

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
(Unsecured considered good)		
Security deposits	<b>12,188,134</b>	28,646,452
Prepaid expenses	<b>9,901,726</b>	9,327,283
Service tax input credit	<b>2,788,698</b>	1,570,000
Employee advances	<b>2,433,192</b>	3,079,780
Supplier advances	<b>52,974</b>	998,352
Total	<b>27,364,724</b>	43,621,867

### 3.5.4 OTHER CURRENT ASSETS

Particulars	Amount in Rs.	
	As at March 31, 2013	As at March 31, 2012
Unbilled revenue	<b>88,587,580</b>	82,801,101
Claimable expenses	<b>1,982,487</b>	3,093,532
Total	<b>90,570,067</b>	85,894,633

## 3.6 OTHER INCOME

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest income	<b>525,912</b>	800,517
Rental income	<b>2,088,456</b>	3,441,135
Profit on sale of fixed assets, net	<b>81,152</b>	83,406
Provisions no longer required written back	<b>10,095,407</b>	-
Other non-operating income	<b>1,697,499</b>	1,363,502
Total	<b>14,488,426</b>	5,688,560

### 3.7 EMPLOYEE BENEFITS EXPENSES

Amount in Rs.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Salaries and wages	<b>1,626,853,890</b>	1,322,799,956
Contribution to provident and other funds	<b>119,134,761</b>	93,560,604
Staff welfare expenses	<b>67,269,697</b>	54,862,416
Total	<b>1,813,258,348</b>	1,471,222,976

### 3.8 FINANCE COSTS

Amount in Rs.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest expense	<b>2,480,057</b>	676,870
Bank charges	<b>2,477,833</b>	2,402,734
Total	<b>4,957,890</b>	3,079,604

### 3.9 OTHER EXPENSES

Amount in Rs.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Rent	<b>71,202,024</b>	69,845,114
Hiring charges	<b>9,501,095</b>	8,150,348
Travel expenses	<b>55,559,966</b>	51,168,459
Foreign exchange loss, net	<b>13,855,913</b>	33,208,807
Power and fuel	<b>14,567,763</b>	14,142,618
Communication expenses	<b>19,171,332</b>	17,488,304
Professional charges	<b>54,139,436</b>	44,150,366
Repairs and maintenance-building	-	-
Repairs and maintenance-others	<b>16,357,510</b>	10,893,757
Project supply and services	<b>5,130,213</b>	2,931,738
Rates and taxes	<b>2,534,761</b>	6,470,898
Insurance	<b>3,704,504</b>	3,350,012
Remuneration to auditors	<b>3,614,176</b>	3,101,750
Membership and subscription	<b>19,490,850</b>	14,338,345
Printing and stationery	<b>2,504,836</b>	2,679,057
Recruitment expenses	<b>3,053,950</b>	7,078,804
Provision for doubtful advances, net	<b>5,000,000</b>	-
Provision for doubtful debts, net	<b>273,316</b>	3,210,830
Miscellaneous expenses	<b>8,644,235</b>	8,676,245
Total	<b>308,305,880</b>	300,885,452

### 3.10 CONTINGENT LIABILITIES AND COMMITMENTS

- a) Corporate Guarantee of Rs 109,310,000 i.e. USD 2 million (previous year: Rs 104,061,600 i.e. USD 2 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.
- b) Income tax matters aggregating to Rs 84,826,398 (previous year: Rs 32,685,747) 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.

### 3.11 SEGMENTAL 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, 2013	Year ended March 31, 2012
USA	2,199,521,002	1,809,240,694
India	16,702,887	11,893,267
Rest of the world	<u>426,949,589</u>	<u>405,109,033</u>
Total	2,643,173,478	2,226,242,994

Carrying amount of segment assets by location of asset	As at March 31, 2013	As at March 31, 2012
USA	452,524,436	370,393,966
India	189,323,353	166,093,957
Rest of the world	182,581,667	168,441,165
Unallocated corporate asset - Goodwill on consolidation	871,692,969	870,283,376
Total	1,696,122,425	1,575,212,464

Cost to acquire tangible and intangible fixed assets by location of assets	Year ended March 31, 2013	Year ended March 31, 2012
USA	245,002	7,702,567
India	8,076,427	5,830,937
Rest of the world	4,599,264	6,612,116
Total	12,920,693	20,145,620

### 3.12 LEASE TRANSACTIONS

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, 2013 amounted to Rs 27,362,501 (previous year Rs 14,357,315).

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

	Amount in Rs.	
Minimum lease payments	As at March 31, 2013	As at March 31, 2012
Payable - not later than one year	<b>61,514,803</b>	14,261,880
Payable - later than one year and not later than five years	<b>99,784,990</b>	24,060,764

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, 2013 was Rs 43,839,523 (previous year Rs 55,487,799).

### 3.13 RELATED PARTY TRANSACTIONS

Name of the related party	Nature of relationship
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
Infotech Ventures Ltd.	Subsidiary of intermediary holding company
Embtech Holdings Ltd., Mauritius	Holding company

Key managerial personnel	
Wayne Mitchell Berkowitz	Managing Director
Javed Gaya	Non-Executive Director
Narayan Ambat Menon	Non-Executive Director
Yusuf Lanewala	Non-Executive Director (appointed as Additional Director with effect from February 13, 2013)

Transactions with the above key managerial personnel during the year is given below:

Nature of transaction	For the year ended March 31, 2013	For the year ended March 31, 2012
(i) Remuneration to key managerial personnel		
- Wayne Mitchell Berkowitz	<b>13,637,357</b>	-
- Pankaj Agarwal	-	31,255,615
(ii) Directors' sitting fees	<b>440,000</b>	500,000

The balances receivable from and payable to related parties as at March 31, 2013 and as at March 31, 2012 are Nil.

### 3.14 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Particulars	Year ended March 31, 2013		Year ended March 31, 2012		Amount in Rs.
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS	
Profit after taxation (Rs)	<b>10,595,629</b>	<b>10,595,629</b>	(50,582,987)	(50,582,987)	
<b>Shares</b>					
Weighted average number of equity shares outstanding during the year	<b>24,452,472</b>	<b>24,492,461</b>	24,349,593	24,400,189	
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	<b>5,102</b>	-	70,256	
Weighted average number of equity shares resulting from equity shares reserved for issuance	<b>39,989</b>	<b>127,188</b>	50,596	219,460	
Weighted average number of equity shares for calculation of earnings per share	<b>24,492,461</b>	<b>24,624,751</b>	24,400,189	24,689,905	

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.

### 3.15 AUDITOR'S REMUNERATION

Particulars	Year ended March 31, 2013		Year ended March 31, 2012		Amount in Rs.
	Amount	Fee	Amount	Fee	
Audit fees	<b>2,100,000</b>		1,700,000		
Tax audit fee	<b>50,000</b>		100,000		
Other services	<b>1,350,000</b>		1,200,000		
Reimbursement of expenses	<b>114,176</b>		101,750		
Total	<b>3,614,176</b>		3,101,750		

### 3.16 DERIVATIVE INSTRUMENTS

The Company takes 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 as at March 31, 2013 and March 31, 2012 are as follows:

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of contracts	Amount (Rs.)	Number of contracts	Amount (Rs.)
Number of contracts	-		14	
Amount in Foreign currency	-		USD 2,950,000	
Amount in Indian Rupees	-		Rs 139,670,500	

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Debtors for services rendered	<b>1,126,950</b>	EUR 16,065	1,444,855	EUR 20,796
	<b>426,631</b>	USD 7,795	7,859,183	USD 150,881
Creditors for services availed	<b>1,803,963</b>	EUR 25,716	-	-

### 3.17 LONG-TERM BORROWINGS

As at March 31, 2013, Mindteck (India) Limited owes Rs 31,325,178 (previous year Rs Nil) to Axis Bank Ltd., towards the term loan repayable in 21 quarterly installments commencing from April 1, 2013. The interest rate on the term loan facility was base rate plus 3.25% (presently 13.25%). The term loan facility with Axis Bank Ltd., is secured by equitable mortgage of property at Kolkata, charge on fixed assets of the company and hypothecation charge on the entire current assets of the company.

### 3.18 SHORT-TERM BORROWINGS

As at March 31, 2013, certain specified trade accounts receivables amounting to Rs 6,146,129 (previous year Rs Nil) 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 receivable purchase 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.

As at March 31, 2013, Mindteck Inc., availed line of credit of Rs 4,136,936 (previous year Rs Nil) from Citizens Bank, United States of America. The interest rate was 2%. The line of credit is secured by first place lien on all accounts receivable and business assets of the borrower and corporate guarantee issued by Mindteck (India) Limited.

**3.19** The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' (the Act). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Amount in Rs.

Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year:		
- Principal amount payable to suppliers	-	37,673
- 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	-	-

**3.20** Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date attached

**for BSR & Company**

Chartered Accountants

Firm registration number: 128032W

**Natrajh Ramakrishna**

*Partner*

Membership No. 032815

Place: Bangalore

Date: May 13, 2013

**for and on behalf of Board of Directors  
of Mindteck (India) Limited**

**Wayne Mitchell Berkowitz**  
*Managing Director*

**Javed Gaya**  
*Director*

**B.V. Ramesh**  
*Financial Controller*

**Shivarama Adiga S.**  
*Company Secretary*

Place: London  
Date: May 10, 2013

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

	Rs. in lakhs								
1	Name of the Subsidiary Company	Mindteck Inc.	Mindteck Middle East Ltd.	Mindteck Software Malaysia SDN BHD	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 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013	31st March 2013
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 BHD 100 each	250,000 Shares of MYR 1 each	1,310,500 Share of SGD 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)	Extent 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 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Loss	Profit	Loss	Loss	Profit		Profit	Profit
b)	Not dealt with in the accounts of the company for the year ended 31st March 2013	94.64	2.75	18.77	47.38	80.06	Nil	18.89	0.03
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 2013	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 2013	2,332.49	72.83	93.83	114.07	159.97	Nil	2.49	14.83
7	Conversion rates used for translating the								
a)	Profit and Loss account	54.55	146.08	17.71	43.90	86.23	54.55	70.26	70.26
b)	Balance Sheet	54.66	147.04	17.78	44.07	83.13	54.66	70.07	70.07

Note 1:

Includes shares held through Chendle Holdings Ltd.

Note 2:

Shares held through Mindteck UK Ltd

**for Mindteck (India) Limited,**

**Wayne Mitchell Berkowitz**  
Managing Director

**Javed Gaya**  
Director

**B.V.Ramesh**  
Financial Controller

**Shivarama Adiga S.**  
Company Secretary

Place : London  
Date : 10 May 2013

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	(1,938.44)	4,876.45	4,876.45	Nil	22,048.62	(94.64)	Nil	(94.64)	Nil
Mindteck Middle East Ltd.	57.51	(50.14)	189.79	189.79	Nil	490.46	2.75	Nil	2.75	Nil
Mindteck Software Malaysia SDN BDH	30.16	93.83	123.00	123.00	Nil	181.24	(23.07)	(4.30)	(18.77)	Nil
Mindteck Singapore Pte. Ltd.	380.47	(0.79)	756.46	756.46	Nil	2,085.63	(47.38)	Nil	(47.38)	Nil
Mindteck UK Ltd.	772.07	(722.59)	737.46	737.46	26.63	1,977.09	80.06	Nil	80.06	Nil
Chendle Holdings Ltd.	0.00	-	200.30	200.30	200.30	Nil	Nil	Nil	Nil	Nil
Mindteck Germany GmbH	16.22	2.49	135.16	135.16	Nil	413.45	18.89	Nil	18.89	Nil
Mindteck Netherlands B.V.	10.41	(14.83)	0.28	0.28	Nil	Nil	0.03	Nil	0.03	Nil

for Mindteck (India) Limited,

**Wayne Mitchell Berkowitz**  
Managing Director

**Javed Gaya**  
Director

**B.V.Ramesh**  
Financial Controller

**Shivarama Adiga S.**  
Company Secretary

Place : London  
Date : 10 May 2013

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](http://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@unisec.in](mailto:mindteck.investors@unisec.in)) or to the company ([Shivarama.adiga@mindteck.com](mailto:Shivarama.adiga@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 [Shivarama.adiga@mindteck.com](mailto:Shivarama.adiga@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**

**Shivarama Adiga S.**

Associate Vice President,

Legal and Company Secretary

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 31.03.2013

**II Capital Raised during the year**

Public Issue Nil

Rights Issue Nil

Bonus Issue Nil

Private Placements Nil

**III Position of Mobilization and Deployment of Funds**

Total Liabilities 1,549,830

Total Assets 1,549,830

*Equity and liabilities*

Paid up Capital 245,168

Equity shares reserve for issuance 7,566

Reserves & Surplus 1,203,533

Long-term borrowings 4,625

Other long term liabilities 2,681

Long-term provisions 11,044

Trade payables 26,356

Other current liabilities 36,384

Short-term provisions 12,473

*Assets*

Fixed Assets 23,009

Non-current investments 1,231,291

Deferred tax assets (net) 3,423

Long-term loans and advances 125,508

Other non-current assets -

Trade receivables 100,800

Cash and bank balances 29,627

Short-term loans and advances 21,295

Other current assets 14,877

**IV Performance of the Company**

Turnover 580,386

Total Expenditure 551,413

Profit Before Tax 32,839

Profit After Tax 17,803

Earnings per Share (Rs.) 0.73

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,

**Wayne Mitchell Berkowitz**  
Managing Director

**Javed Gaya**  
Director

**B.V. Ramesh**  
Financial Controller

**Shivarama Adiga S.**  
Company Secretary

Place : London  
Date : 10 May 2013

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the TWENTY-SECOND ANNUAL GENERAL MEETING of the Members of Mindteck (India) Limited will be held on Friday, September 27, 2013 at 11.30 AM at Hotel Woodlands, "Chandani Hall" No-5, Rajaram Mohan Roy Road, Bengaluru-560 025 to transact the following business:

## AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narayan A. Menon, who retires by rotation and being eligible, offers himself for re-appointment.
3. To 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, (Firm Registration No. 128032W) Chartered Accountants be and are hereby re-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 an Ordinary Resolution:

**"RESOLVED THAT** Mr. Yusuf Lanewala appointed as an Additional Director under Article 114(a) of Articles of Association of the Company and Section 260 of the Companies Act, 1956 by the Board on February 13, 2013 and in respect of whom the Company has received a notice in writing, pursuant to the provisions of Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Mr. Yusuf Lanewala as a candidate for the office of the Director of the Company liable to retire by rotation, pursuant to Section 255 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the company, Mr. Yusuf Lanewala be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to Sections 198, 269, 309, 317 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended from time to time, the approval of the Company be and is hereby accorded for the appointment and payment of remuneration to Mr. Yusuf Lanewala as Managing Director and Group CEO of the

Company on the terms and conditions as set out in the Employment Agreement, for a period up to March 31, 2014 with effect from June 11, 2013, subject to conformance with all regulatory guidelines and applicable laws including any statutory modification and re-enactment thereof for the time being in force.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and are hereby severally authorized to sign and execute the necessary applications, forms, documents, including but not limited to filing of application to Statutory and Regulatory Authorities, Ministry of Corporate Affairs, intimate Stock Exchanges and to do all other things incidental and ancillary thereto as may be required with regard to the appointment of Managing Director and Group CEO."

**BY ORDER OF THE BOARD**  
for Mindteck (India) Limited

**Shivarama Adiga S.**  
Associate Vice President  
Legal and Company Secretary

Registered Office:  
Prestige Atlanta  
No.10, Industrial Layout  
7th Main, 80 Feet Road  
3rd Block, Koramangala  
Bengaluru-560 034, India

Date: August 08, 2013

## 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 Register shall remain closed from Monday, September 23, 2013 to Friday, September 27, 2013 (both days inclusive) for the purpose of the 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 IDs, bank details, Electronic Clearing Services (ECS) or (NECS) compliant bank account numbers, 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 that will help the Company and their RTA 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, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai-400 093. Tel: 91 22 28207203-05; Fax: 91 22 28207207.
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. Members can contact its RTA, Universal Capital Securities Private Limited (formerly Mondkar Computers Pvt. Ltd.) in this regard.
10. Members intending to seek explanation/clarification/copy of any document at the meeting about the information contained in the Annual Report are requested to inform the Company at least a week in advance of their intention, so that relevant information may be made available, if the Chairman permits such information to be furnished.
11. Pursuant to provisos of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years up to the financial year 2004-05 has been transferred to the 'Investor Education and Protection Fund'(IEPF) constituted by the Central Government. During the (FY) 2012-13 the company has transferred to IEPF a sum of Rs.125,726.80 being unclaimed dividend amount relating to the (FY) 2004-05. As such, if any member(s) have not yet encashed his/her dividends for the previous years, please write to the Company's Registrars for claiming outstanding dividends declared. Member's attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed Dividend.
12. As per the Circular No. MRD/Dop/Cir-5/2009 dated May 20, 2009 issued by the 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.
13. The Ministry of Corporate Affairs (vide Circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Accordingly the complete set of the Annual Report along with the AGM notice have been sent by email to members who have provided email addresses. Members are requested to support this initiative in full measure and contribute towards a greener environment by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the RTA. Those members for whom the email copies of Annual Reports were sent may write to the Company Secretary for physical copy if needed.
14. Any member requiring any information or copies of financials of subsidiary, may write to the Company Secretary or inspect the same on the website of the Company under the Investors Section.

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

**Item No. 4 and 5:** Appointment of Mr. Yusuf Lanewala as Director and Managing Director and Group CEO of the Company-

Mr. Yusuf Lanewala was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 by the Board of Directors w.e.f. February 13, 2013 and also as Managing Director and Group CEO of the Company w.e.f. June 11, 2013, by the Board of Directors up to the period of March 31, 2014. The Company has received notice in writing from a member proposing the candidature of Mr. Yusuf Lanewala for the office of the Director under the provisions of Section 257 of the Companies Act, 1956. The shareholders' approval is sought for his appointment and payment of remuneration to the Managing Director of the Company pursuant to the provisions of the Sections 198, 269, 309 and 317 and Schedule XIII of the Companies Act, 1956.

Details of Mr. Yusuf Lanewala, pursuant to the requirement of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance, are given in the Annexure to this notice.

The major terms and conditions of his appointment are as follows:

- A. *Term of appointment:* From June 11, 2013 to March 31, 2014.
- B. *Compensation:* Mr. Yusuf Lanewala will be drawing remuneration from Mindteck (India) Limited as its Managing Director and Group CEO as under:

*Base salary:* Rs. 35,00,000 per annum, payable at monthly intervals.

*Incentive Bonus:* Based on a graded scale net profit/ performance of the Company, subject to prevailing law.

*Saving and retirement plans:* As per the existing policy of the company.

*Insurance:* Medical Insurance Policies and Retirement plans as per the existing company policy.

- C. The period of notice of termination: 60 days.
- D. The main objective of Mr. Yusuf Lanewala is to manage and

control the company's business and operations with the aim of securing significant, sustained increase in the value of the company for its shareholders. He is entrusted with substantial powers of management of the operations, performance and all other areas of Mindteck and each of its subsidiaries, irrespective of location, subject to the superintendence, control and direction of the Board of Directors.

The resolutions seek the approval of the members in terms of Section 269 read with Schedule XIII and other applicable provision of the Companies Act, 1956 for the appointment of Mr. Yusuf Lanewala for a period from June 11, 2013 to March 31, 2014.

The copies of relevant resolutions of the Board with respect to the appointment is available for inspection by the members at the registered office of the Company during working hours on any working day till the date of Annual General Meeting.

None of the Directors, except Mr. Yusuf Lanewala is, in any way,

concerned or interested in the resolution set out in Item No. 4 and 5 of the notice.

The resolutions mentioned in Item No. 4 and 5 of the notice is recommended for your approval.

**BY ORDER OF THE BOARD  
for Mindteck (India) Limited**

**Shivarama Adiga S.**  
Associate Vice President  
Legal and Company Secretary

Registered Office:  
Prestige Atlanta  
No.10, Industrial Layout  
7th Main, 80 Feet Road  
3rd Block, Koramangala  
Bengaluru-560 034, India

Date: August 08, 2013

## ANNEXURE TO THE NOTICE

### Information pursuant to Clause 49 of the Listing Agreement regarding Appointment and Re-appointment of Director

Name of the Director	Mr. Narayan A. Menon	Mr. Yusuf Lanewala	Mr. Jagdish Malkani
Date of Appointment/Last Re-appointment	Date of re-appointment is August 07, 2012	Date of appointment is February 13, 2013	Date of appointment is August 08, 2013
Brief Resume and nature of expertise in specific functional areas	Mr. Menon is a retired Banker with nearly four decades of banking experience, spanning a wide gamut of commercial banking and investment banking activities, both in India and overseas. During his banking career, he served State Bank of India, in India and overseas, for a period of 25 years, and contributed to, and controlled, the quality and profitability of loan portfolios aggregating more than US\$ 5 billion, of 14 international branches. He was also responsible for general management, team building, leadership development, tight house-keeping and profit-center responsibilities in all his assignments. He also served TAIB Bank in Bahrain for a period of 14 years as Senior Vice President-Risk Management and was responsible for enterprise-wide Risk Management for TAIB and its 8 active subsidiaries. Mr. Menon has had the benefit of a multi-cultural living experience from his tenures abroad.  Mr Menon holds a Masters	Mr. Yusuf Lanewala is a seasoned IT Strategy and Management professional with 35 years of global industry experience. Since starting his professional career in the Management Consulting Division of Price Waterhouse, Mr. Lanewala has held leadership positions with several leading IT services companies. Most recently, he served as CEO for Malomatia QSC, a 100% subsidiary of the Qatar's Supreme Council of Information and Communications Technology (ictQatar), which provides domain-specific enterprise IT solutions to the Government, Education and Healthcare sectors.  As an Independent Consultant, Mr. Lanewala has advised several IT services companies in business strategy, and also consulted for several leading financial institutions in areas such as IT selection and deployment of systems for core banking, anti-money laundering, business intelligence, card management as well as channel management,	Mr. Jagdish Malkani is an accomplished finance professional with extensive experience in India and Nigeria spanning over 30 years. He is an active member-broker in the capital market and futures/options segments of India's National Stock Exchange (NSE), as well as the Bombay Stock Exchange (BSE).  Mr. Malkani manages portfolios for a select clientele of domestic and NRI high net worth individuals, both directly and through a dealer network. Renowned for Indian equity market expertise as a fundamental analyst, he makes frequent guest appearances on CNBC, ET Now, Bloomberg UTV and NDTV Profit.  Earlier in his career, Mr. Malkani held the role of Country Manager (India) for TAIB Capital Corporation Limited, a corporate finance, private equity and merchant banking subsidiary of Bahrain-based TAIB Bank. He also spent twelve years in Nigeria moving up the ranks to become

Name of the Director	Mr. Narayan A. Menon	Mr. Yusuf Lanewala	Mr. Jagdish Malkani
	Degree in Business Management from IMEDE, Lausanne, Switzerland (now IMD), and a high First Class Bachelors Degree in Physics from Loyola College (now Loyola University), Madras (now Chennai).	<p>including ATM deployment, internet and mobile banking.</p> <p>Mr. Lanewala was a board member of an IT services subsidiary set up by The Saraswat Cooperative Bank, a leading bank in India. He has been closely involved with various industry associations and is presently the Chairman of the IT Committee of The Maharashtra Chamber of Commerce, Industries and Agriculture (MACCIA). He is also one of the Founding Directors of The Business Process Council, an organization created to collect, produce and enhance a common body of knowledge of business processes to help the industry achieve productivity faster and boost the career prospects of professionals.</p> <p>Mr. Lanewala has a Bachelor of Commerce degree from St. Xavier's College, Kolkata and an MBA from the State University of New York. He also attended an Executive Education Program in Change Management at the Harvard Business School.</p>	<p>Managing Director at Inlaks Plc, the trading arm of Swiss-based Inlaks Group – one of the largest conglomerates in Nigeria at the time. His career path started in Mumbai with roles at Ranadip Shipping and Transport, as well as the Industrial Credit and Investment Corporation of India.</p> <p>Mr. Malkani was a Sloan Fellow at the Stanford Graduate School of Business in California where he earned a Master of Science degree in Management. He also holds an MBA with specialization in finance from the Indian Institute of Management, Calcutta, and a BA in Economics and Statistics from St. Xavier's College. He attended the International Executive Program at INSEAD in France and the Strategic Management Program at Ashridge Management College in the UK. Past ancillary activities include a directorship at the Association of NSE Members of India (ANMI), and conducting a market research study on fiction publishing in India for Harlequin Enterprises. In 2011, Mr. Malkani served as Honorary Secretary of the Rotary Club of Bombay, the oldest, most prestigious Rotary Club in India; today he remains a member.</p>
List of other Indian Companies in which directorship is held	NIL	Altius Software Consultants (P) Ltd	Jagvin Financial Services Private Limited, Jagvin Investments Private Limited
Chairman/Member of the Committee(s) of Board of Directors of the Company	Chairman of HR & Compensation Committee. Member of the Audit Committee and Corporate Governance Committee.	Member of Shareholders' Grievances Committee, Audit Committee and HR & Compensation Committee.	Member of Corporate Governance 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 c) Remuneration Committee	NIL	NIL	NIL
Shareholding/ Stock Options in the Company	NIL	NIL	NIL

**MINDTECK (INDIA) LIMITED**  
Registered Office: Prestige Atlanta, No.10, Industrial Layout, 7th Main, 80 Feet Road  
Koramangala 3rd Block, Bengaluru-560 034, India

**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:

NUMBER OF SHARES:

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **TWENTY-SECOND ANNUAL GENERAL MEETING** of the Company at Hotel Woodlands, "Chandani Hall", No. 5, Rajaram Mohan Roy Road, Bengaluru-560 025, India on Friday, September 27, 2013 at 11:30 AM.

**SHAREHOLDER'S EMAIL ID**

**SIGNATURE OF THE SHAREHOLDER/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: Prestige Atlanta, No.10, Industrial Layout, 7th Main, 80 Feet Road  
Koramangala 3rd Block, Bengaluru-560 034, India

**PROXY FORM**

I/We..... of .....

in the district of ..... being a Member/Members of MINDTECK (INDIA) LIMITED, hereby appoint  
Mr./Mrs..... of ..... in the district of ..... or failing him/her, Mr./Mrs. ..... of ..... in the district of ..... as my/our proxy to  
attend and vote for me/us on my/our behalf at the **Twenty-Second Annual General Meeting** of the Company to be held on Friday, September 27, 2013 at 11:30 AM at Hotel Woodlands, "Chandani Hall" No. 5, Rajaram Mohan Roy Road, Bengaluru-560 025, India and at any adjournment thereof.

Signed this ..... day of September 2013.

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.



“

Our focus going forward will be to strive toward achieving sustained, predictable and profitable growth; to continue improving our delivery processes; to forge strong partnerships for new products and services as well as to expand our geographical reach; last but not least, to build value for our stakeholders.



**India**  
Prestige Atlanta  
No.10, Industrial Layout  
7th Main, 80 Feet Road  
3rd Block, Koramangala  
Bengaluru 560 034  
Tel: 91 80 4154 8000  
Fax: 91 80 41125813

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

**United Kingdom**  
4 Imperial Place  
Maxwell Road, Borehamwood  
Hertfordshire WD6 1JN  
United Kingdom  
Tel: 44 208 213 3121  
Fax: 44 208 213 3001

**Germany**  
Herriotstrasse 1  
60528 Frankfurt am Main  
Germany  
Tel: 49 696 7733 488  
Fax: 49 696 7733 200

**Singapore**  
7B Keppel Road  
#05-09 PSA Tanjong  
Pagar Complex  
Singapore 089055  
Tel: 65 62254516, 63720067  
Fax: 65 62254517

**Malaysia**  
No 10-1 Biz Avenue  
Neo Cyber  
Lingkaran Cyber Point Barat  
63000 Cyberjaya  
Selangor, Malaysia  
Tel: 603 8322 2520  
Fax: 603 8322 2562

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



### FORM A

Covering letter to the annual audit report to be filed with the stock exchanges pursuant to clause 31 of the Listing Agreement

1	Name of the Company	Mindteck (India) Limited
2	Annual financial statements for the year ended	31 March 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not applicable

for B S R & Company  
Chartered Accountants  
Firm's Registration No. 128032W

*Dhawani*  
Vineet Dhawan  
Partner  
Membership No.: 092084

Place: Bangalore  
Date: May 29, 2014

for Mindteck (India) Limited

*Yusuf*  
Yusuf Lanewala  
Chairman and Managing  
Director

Place: Bangalore  
Date: May 29, 2014

*S. G.*  
Javed Gaya  
Audit Committee  
Chairman

Place: Bangalore  
Date: May 29, 2014

*R. B.*  
Ramesh B.V  
Financial Controller  
Chairman

Place: Bangalore  
Date: May 29, 2014