



Momentum



Annual Report
2013-14

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Financial Highlights

Rs. in million

	FY 2013-14	FY 2012-13	Growth
Revenue	3,288.12	2,643.17	24%
EBITDA	299.10	40.94	631%
Profit Before Tax (PBT)	285.32	25.20	1,032%
Profit After Tax (PAT)	186.14	10.59	1,657%
Earnings Per Share (EPS) in Rs.	7.59	0.43	1,654%

Board of Directors



Yusuf Lanewala
Chairman and Managing Director



Javed Gaya
Independent Director



Dayananda Shetty
Executive Director



Jagdish Malkani
Independent Director



Meenaz Dhanani
Executive Director



Narayan A. Menon
Independent Director

Company Secretary

Shivarama Adiga S.
Vice President,
Legal and Company Secretary

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

Registrars and Share Transfer Agents

Universal Capital Securities Private Limited
25, Shakil Niwas, Opp. Sai Baba Temple
Mahakali Caves Road, Andheri (E)
Mumbai-400 093, India
Tel: 022-28207201/03/04/05; Fax: 022-28207207

Auditors

B S R & Company

Bankers

Axis Bank Ltd.

Management Team

Yusuf Lanewala

Chairman and Managing Director

Dayananda Shetty

Executive Director

Meenaz Dhanani

Executive Director

Sales

UNITED STATES

Ranga Yeragudi

Bob Spoljaric

EUROPE

Simon Christopher

INDIA, MIDDLE EAST AND AFRICA

Harish Nair

ASIA PACIFIC

Jacob Pillay

Function

R&D AND DELIVERY

Surjit Lahiri

Research and Development

Dr. K.V. Krishnan

Information Technology Services

Satheesh Sreedharan

Product Engineering

SUPPORT

Shivarama Adiga

Legal and Company Secretary

Ramesh B V

Finance

Pradeep Kizhakkethil

Human Resources

Karen Stark

Marketing and Communications

Letter to Shareholders

Dear Shareholders,

It gives me great pleasure to report that Mindteck significantly increased profitability and improved overall performance for the year ended March 31, 2014.

Despite uncertainties in the global economy and several competitive challenges, we maintained a clear focus on the path forward, on the execution of our priorities, including innovation and technology, strategic and profitable growth and operational excellence. As a result, revenue increased to Rs. 3,288 million as compared to Rs. 2,643 million in the previous year, EBITDA was 9.10% as compared to 1.55% last year, more importantly, we reported a Profit Before Tax of Rs. 285 million as compared to last year's Profit Before Tax of Rs. 25 million.

I am happy to announce that after a gap of five years, your Board has recommended a 10% dividend for the financial year 2013-14.

Throughout the year, Mindteck continued to deliver on the commitments made to tackle our clients' challenges with innovative solutions, develop our people and grow profitably to stay ahead of our competition.

One of the most exciting developments during

the year at Mindteck is that we are expanding our capabilities in Research and Development through our investment in innovation and technology. We created a new structure for our innovation group that more closely links their work to the demands of the marketplace.

We launched two innovative systems: IGNITE, an Energy Management System which transforms office buildings, into energy efficient smart buildings, and ProdXL, an Enterprise Productivity Improvement Solution designed to provide insightful quantitative feedback to drive employee behavior towards organization productivity improvement.

Innovation is the great differentiator in our industry, with this we expect to gain further technological distance from our competitors. We aim to continue to build new products with our customers' requirements in mind to help them innovate and excel.

The global sales, delivery and support teams contributed to our turnaround by supporting and growing our existing customer base, acquiring several new customers and winning some significant deals.

From the quality and process standpoint, I am proud to announce that we were appraised at CMMI Dev Ver 1.3 Level 5, becoming one of

the few companies globally to have achieved this recognition. In addition, we were also re-certified for ISO 9001:2008, ISO 27001:2013 and ISO 13485:2003.

Our ability and determination to remain relevant to customers, our long-term engagement with key global clients, along with our commitment to all our stakeholders keeps us growing strong. I firmly believe that we now have a solid base from which we can catapult to new heights.

We intend to keep the momentum by continuing to demonstrate and execute our business plans while maintaining the highest standards of compliance and ethics. 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.

Moreover, we remain committed to building value for all our stakeholders. I look forward to reporting on our continued progress in the year ahead.

On behalf of my fellow Board Members, I would like to take this opportunity to thank our shareholders for their continued support and encouragement, our clients and partners for their continued confidence and commitment as we pursue our growth strategy. I would also like to pay tribute to our dedicated employees around the globe whose expertise, commitment and reliability have made a vital contribution toward our successful year.



Yusuf Lanewala

Chairman and Managing Director



DIRECTORS' REPORT

To the Members,

The Directors hereby present the Twenty-Third Annual Report of your Company on the business and operations for the year ended March 31, 2014.

1. RESULTS OF OPERATIONS

Rs. in million

	Standalone		Consolidated	
	Year ended 31-Mar-14	Year ended 31-Mar-13	Year ended 31-Mar-14	Year ended 31-Mar-13
Revenue from operations	758.40	580.38	3,288.12	2,643.17
Other income	8.07	3.86	9.44	14.49
Employee benefits expense	388.54	364.14	2,038.96	1,813.26
Cost of technical sub-contractors	25.32	11.90	675.58	495.16
Other expenses	150.66	168.40	283.92	308.30
Profit before finance costs, depreciation, taxes and amortization	201.95	39.80	299.10	40.94
Finance costs	1.71	2.27	4.86	4.96
Depreciation and amortization expense	6.15	4.69	8.92	10.78
Profit before tax expense	194.09	32.84	285.32	25.20
Tax expense	74.03	15.04	99.18	14.61
Profit After Tax	120.06	17.80	186.14	10.59
Paid-up Equity Share Capital	245.64	245.17	245.64	245.17
Earnings Per Share (EPS)	4.90	0.73	7.59	0.43

2. BUSINESS

During the year under review your Company recorded consolidated revenue of Rs.3288.12 million as against Rs.2643.17 million in the previous year, registering a positive growth of 24% in revenue. Of the revenue that was recorded, 80% is attributed to the US and the rest to Asia, Middle East and Europe.

At an operating margin level, Mindteck recorded EBIDTA of Rs. 299.10 million (9.10%) this year as against Rs.40.94 million (1.55%) last year.

Mindteck's Profit After Tax for the year stood at Rs.186.14 million, as against Rs.10.59 million in the corresponding previous year, registering a growth of 1656.77%.

3. DIVIDEND

The Board has recommended a dividend of 10% (Re. 1 per equity share of Rs. 10 each) for the year ended March 31, 2014. This translates into cash outflow of Rs. 29,225,434 including dividend distribution taxes.

4. BUSINESS FOCUS AND HIGHLIGHTS

Mindteck's core business lines remain Product Engineering and Information Technology Services. The verticals of focus include Data Storage, Smart Energy, Life Sciences and Government.

Principal activities and highlights for the year ended March 31, 2014 include:

PRODUCT ENGINEERING

The Product Engineering business unit encompasses Data Storage, Electronic Design Services, Smart Energy and Wireless.

Data Storage

Mindteck provides product development services in Data Storage technologies to world leaders in the storage industry for over a decade, while building strong client relationships through superior customer service. We have built a pool of talent in storage technologies, especially in the areas of release QA and QA automation and also own core release activities.

Electronic Design Services

Mindteck's Electronic Design Services (EDS) group provides core embedded technology solutions to its clients with a constant focus on quality, technology, reliability, cost effectiveness and added value.

Mindteck offers a complete range of Electronic Design Services to address all aspects of the product lifecycle, cost-effectively and on time. Various phases of Product Life Cycle (PLC) are supported through expertise in technologies and processes developed for new product designs, verification and validation and system solutions. This has helped us showcase our competency and capability in a more organized way and has added clear visibility to the engagement model offered to our clients. The Embedded Design Services focuses on conceptualization and new product development. Embedded Verification and Validation services provides product validation and verification services, and System Solutions provides system level features such as reliability, safety and value engineering for electronic products.

Strong domain expertise, backed by the capability to provide full product design development, has been the driving factor for most of our repeat business. 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.

Smart Energy and Wireless

Mindteck is an established player in ZigBee and 6LowPan wireless stack development and support services for fab and fabless semiconductor clients. We mainly focus on long-short-range wireless communication and wireless sensor networks to design and develop wireless monitoring and load control solutions in automation space.

This year, we have a few prospects interested in integrating Mindteck's solution for lighting and energy monitoring control for data capturing and analytics which would result in energy saving and efficiency improvement. Similarly, asset tracking solutions are built for construction industry while monitoring and control application with mobility/web app will help demonstrate our capability to the emerging market of Internet of Things/Everything (IOT/IOE).

We were successful in demonstrating capabilities for developing central servers, mobility and web applications for energy monitoring and data analytics for efficient operation of the solar power plants hosted on cloud.

Mindteck has further developed its expertise in providing the communication stack for an electric vehicle charger in compliance with SAE (Society of Automotive Engineers) standard and IEC (International Electrotechnical Commission) standard. This competency has been further enhanced to develop an electric vehicle emulator which replaces the actual vehicle for test and validation of the stack. This has improved Mindteck's capabilities to address expertise required by clients looking for services in DC charging control and charging kiosk applications.

Mindteck continues to support and enhance a solar energy monitoring solution for another long-standing client. This solution has had great success in the UK and the client is now in the expansion mode. As part of this, we will be monitoring about 100,000 solar installations 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.

Lastly, Mindteck won another new project from a fabless semiconductor giant for ZigBee stack for their new microcontroller.

INFORMATION TECHNOLOGY SERVICES

Mindteck's IT Services business unit consists of multiple sub-units such as General Application Development, Government, Life Sciences, Semiconductors, Cloud and Big Data. Mindteck's Life Sciences vertical mainly focuses on two major markets – Scientific & Analytical Instruments and

Medical Devices. Reports from leading market research agencies have indicated high growth opportunities for this industry in 2014. According to them, increased investment, outsourcing of research in emerging markets and disruptive technologies are some of the trends that will drive the industry this year.

Mindteck currently works with leading companies in all of the above segments and have marquee clients offering niche services in the areas of application development, maintenance and ERP systems.

Mindteck's IT Services 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.

Our deep domain expertise in the areas of Manufacturing, Monitoring and Control, supported by strong skills in multiple technologies, helps us in acquiring multiple projects from leading clients. We continue to grow our IT business in Europe for Medical devices, in the US for Semiconductors, Analytical Instruments, and Government, and in IMEA for Manufacturing and ERP services.

Life Sciences

Life Sciences at 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 during the reporting year. Our business improved with existing clients and numerous new clients were acquired during the current year due to our continued contributions to meet the growing product engineering needs in this space.

During the year, Mindteck provided valuable technological support to a leading single board computer manufacturing company. Additionally, 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.

As in the previous years, most of the business came from the US and EMEA regions. Our key focus is on ensuring flawless delivery and optimal resource utilization in order to enhance profitability.

Traditionally, our contributions are in the embedded applications development and during the year, we started delivering technical solutions for data analysis and reporting. Many compliance related applications were developed for a few of our leading clients.

Our services toward medical device application development for a key client further strengthened with a team ramp-up and execution of more specific projects.

Delivery quality of Life Sciences was extremely consistent which is demonstrated by the fact that five projects from Life Sciences were assessed at CMMI Level 5 and were supported by the ISO 1385 re-certification for Kolkata and Bengaluru centers.

Government

The Government vertical of Mindteck helps State and Local government agencies seize opportunities amid the significant challenges and change they are facing today. We bring a deep understanding of clients' needs, knowledge of technologies adopted by governments, and solutions that can solve IT challenges, thus enhancing a department's performance, providing efficiencies, and delivering key services that optimize processes, resources, and reduces costs. Mindteck has a strong history of delivering projects around Application Development, Program and Project Management, Business Analysis, Testing, Strategic Consulting and Professional Services.

With recent government budget reductions, less projects are being completed through formal proposals, and more focus has been directed to work with government agencies to provide professional services. The staff we provide has been successful working on projects with internal government teams. Many of the engagements started as short-term placements, but have moved to long-term opportunities. We won multiple contract renewals as well as new placements at several agencies with this strategy.

Semiconductor

Mindteck is a leading software and hardware solutions provider for the semiconductor industry. With decades of experience, we understand the ecosystem and the market conditions and we possess the vision to understand the challenges and propose the right solutions. Our semiconductor software services and solutions have helped our clients improve equipment software features and performance, and increase productivity. Our services focus on catering to the software needs of semiconductor capital equipment manufacturers, subsystem vendors and fabs.

Cloud Computing and Big Data

Mindteck's Cloud Computing business has helped existing customers migrate their IT infrastructure to Amazon Cloud. VCDC (Virtual Cloud Data Center) is an IAAS offering developed by Mindteck to create a hybrid cloud between the private cloud and public cloud to provision resources. SAAS based application offerings are also explored to help clients build multi-tenant applications to reduce cost and time to market.

We are also embarking on Big Data Analytics based projects in the monitoring and control space. Some of the solution offerings include multi-image processing for real-time traffic, predictive analytics for fire systems and smart grid data management. The Hadoop ecosystem is offered as part of the Big Data solution. This year, we have a few prospects interested in using Hadoop which will help them to quickly manage and analyze their data.

CENTERS OF EXCELLENCE (CoEs)

Storage Testing

The Storage Testing CoE at Mindteck is primarily aimed at providing skills, people, processes and infrastructure to enable our customers build and enhance product quality in storage space. Over a decade, Mindteck has built comprehensive expertise in Storage QA, Automation and Performance testing especially in the SAN, NAS and Unified storage space while partnering with multiple storage product vendors.

Wireless Design

Mindteck is focusing on providing monitoring and control solutions by designing building blocks required for wireless connectivity for IOT. Current focus is on control nodes, gateway with multi-technology connectivity and webserver/applications for support over the cloud for building automation and energy efficient solutions across various industry verticals.

5. QUALITY

At Mindteck, quality is non-negotiable – it is the thread that weaves together all our activities and people. Our continuous focus towards high levels of quality, robust information and security practices have helped us attain a number of milestones during this year.

CMMI DEV Ver. 1.3 Maturity Level 5 – Mindteck has been appraised at CMMI-DEV Maturity Level 5. Level 5 is the highest CMMI rating. CMMI is a process improvement approach that provides organizations with the essential elements of effective processes that ultimately improve their performance.

CMMI maturity level 5 indicates that the organization is performing and benchmarked at an 'optimizing' level. At this level, an organization continually improves its processes based on a quantitative understanding of its business objectives and performance needs. The organization uses a quantitative approach to understand the variation inherent in the process and the causes of process outcomes.

During the year, our Information Security Management System (ISMS) was upgraded to the current version of ISO 27001:2013. Apart from security management, we are also enterprise-wide certified against ISO 9001:2008 (Quality Management) and continue to hold domain specific quality certification ISO 13485:2003 (for Medical Devices). Our compliance to International Quality Standards shows our ability to work with multiple requirements to deliver business and technology solutions to a wide range of enterprises around the globe.

6. INFRASTRUCTURE

Mindteck has offices in the United States, India, Singapore, Malaysia, Bahrain and United Kingdom. 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, nearshore, offshore-onsite and other hybrid delivery options across geographies, for faster and more efficient delivery of quality services.

7. SUBSIDIARIES

On March 31, 2014, Mindteck had six wholly-owned subsidiaries: Mindteck, Inc. (US), Mindteck Middle-East SOC (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 May 29, 2014, 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.

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 softcopy of accounts is available on the Investors section of our website 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.

8. AWARDS AND RECOGNITION

Mindteck is among a select group of global companies appraised at CMMI-DEV Version 1.3 Maturity Level 5 from

CMMI Institute's and has recently been upgraded to ISO 27001:2013. We also recently won the Growing IT Services Company of the Year Award from Bangalore Management Association (BMA), recognized for our technical innovation, entrepreneurial spirit and sustaining growth.

9. LITIGATION

No material litigation is outstanding as on March 31, 2014 except one recovery suit filed in connection with advance payment made for the proposed office premises, which was not occupied by the Company.

10. CHANGES TO SHARE CAPITAL

The Board of Directors of the Company allotted 47,300 Equity Shares on January 31, 2014 pursuant to allotment of share under Employee Stock Option Scheme. Consequently, the outstanding, issued, subscribed and paid up Equity Share increased from 24,932,771 to 24,980,071 as on March 31, 2014.

11. BOARD COMMITTEES

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

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. Yusuf Lanewala retires by rotation as Director in the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. A brief resume of Mr. Yusuf Lanewala is included in the notice for the Annual General Meeting.

Mr. Yusuf Lanewala was appointed as Chairman of the Company for a period of three years effective from October 01, 2013. The current term of Mr. Yusuf Lanewala as Managing Director and CEO of the Company expired on March 31, 2014. Hence, as per the recommendation of the Nomination and Remuneration Committee, Mr. Yusuf Lanewala was re-appointed as Managing Director and CEO with effect from April 01, 2014 for a period of three years. The resolution seeking approval for appointment and payment of remuneration to Mr. Yusuf Lanewala as Managing Director and CEO forms part of the notice for the 23rd Annual General Meeting.

Mr. Dayananda Shetty was appointed as Executive Director for a period of three years effective from October 01, 2013. The resolution seeking approval for appointment and payment of remuneration to Mr. Dayananda Shetty as Executive Director forms part of the notice for the 23rd Annual General Meeting. A brief resume of Mr. Dayananda Shetty is included in the notice for the Annual General Meeting.

Mr. Meenaz Dhanani was appointed as Executive Director for a period of three years effective from October 04, 2013 subject to the approval of the Central Government. The resolution seeking the approval for appointment of Mr.

Meenaz Dhanani as Executive Director forms part of the notice for the 23rd Annual General Meeting. A brief resume of Mr. Meenaz Dhanani is included in the notice for the Annual General Meeting.

14. AUDITORS

Mindteck's statutory auditors, M/s. B S R & Company, Chartered Accountants, Bangalore, hold office as Auditors until the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office if re-appointed for a period of three years, i.e. AGM up to 2016-2017, as per the Companies Act, 2013.

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 RESOURCES MANAGEMENT

Mindteck believes that our employees are the heart of our organization; hence a large part of our management focus is to care and support our employees. Our aim is to create and nourish the best in class global leadership and provide them unlimited opportunities for career enhancement and growth. It is our aim to be a truly global company that not only services global customers but also employs people worldwide.

We are committed to providing leadership and direction to our 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. The Mindteck Human Resources team is backed by years of process and technology knowledge and expertise across industries, thus focusing on strategic HR initiatives and increase operational efficiencies.

Employee engagement is an inclusive and empowering platform that connects employees with leaders as well as peer groups. Forums such as company level Mindteck Meets, All Hands Meets and Regional meets are interactive platforms for sharing information, voicing feedback and conferring reward and recognition. Our Knowledge Management platforms and tools complement skill building, by enabling peer learning and collaboration, to create more agile and empowered teams.

The performance driven culture challenges every employee to scale up and grow. A wide range of competency enhancement opportunities, challenging assignments and rotation across units and countries help employees in their career progression and meeting aspirations. The coaching and mentoring programmes enable employees to get constant feedback and career guidance to achieve and exceed their performance targets thus realizing their potential. Some of these initiatives have delivered the desired results of low attrition rate during the year.

Mindteck's commitment to employee health, safety and security extends beyond accidents and occupational health hazards to social wellbeing of employees. We strive to foster an environment based on respect for individuals, recognizing that such an atmosphere contributes to overall co-operation and teamwork.

20. WE CARE

WE CARE is Mindteck's framework for honoring its commitments and making a lasting difference both inside and outside the company. Constituents include shareholders, clients, employees, partners and communities. Care is rooted in the ways we engage and enable, and fundamental to building and nurturing relationships, championing others and stewarding community causes. It is also key to our long-term success.

This year we forged more positive brand associations and stronger relationships with some of our employee and community constituents:

- Instituted the WE CARE Ambassador role to champion a caring culture and business approach. The initial focus is engaging and enabling the 275-plus employee consultants we have working onsite at customer locations in the US;
- Launched online Mindteck Academy courses to reach more unemployed and underemployed citizens in communities nationwide;
- Became a Founding Member of The Atlas online, Harvard University's Center for International Development's interactive tool that provides visualizations of global growth opportunities.

Going forward, we expect to build upon the WE CARE framework, encompassing a focus on ensuring a superior experience amongst all of our constituents.

21. CSR INITIATIVES

At Mindteck, Corporate Social Responsibility (CSR) is institutionalized under WE CARE (noted above), with education as a core pillar of our commitment. We believe in the empowerment of knowledge, and how it helps to bring positive change and stability to society as a whole. In the coming year, we will continue to strengthen these endeavors, including establishing a scholarship fund in the US geared toward fostering professional career growth in technology.

22. MINDTECK ACADEMY

One of the cornerstones of our We Care commitment is the Mindteck Academy – a unique IT workforce development solution designed to building opportunities for learning, hiring and economic growth in the communities we serve.

- The underserved – qualified military veterans, recent college graduates, displaced workers – learn the technology skills required for gainful employment;
- Companies and government entities struggling to overcome IT skill shortages hire local citizens who have been trained to exact specification and need;
- Communities grow as their unemployed or underemployed are hired or retrained.

Since 2011, Mindteck Academy has provided customized, face-to-face classroom training on a client-scheduled basis. This year, it started developing a steady pipeline of talented, job-ready IT professionals with the launch of online courses in emerging technologies. Qualified candidates are recruited locally from communities throughout the US with an eye toward local job placement. Going forward, we hope to expand this service offering globally.

23. MINDTECK EMPLOYEE STOCK OPTION SCHEMES

Mindteck believes in the policy of enabling Mindteckians to participate in the ownership of the Company and share in its wealth creation as they are responsible for the management growth and success of the Company. The Company has two Employee Stock Options Schemes viz. Mindteck Employee Stock Options Scheme 2005 and Mindteck Employee Stock Options Scheme 2008.

(a) Mindteck Employee Stock Option Scheme 2005

During the year ended March 31, 2014, under Employee Stock Options Scheme 2005, the Company granted

69,300 options at an exercise price of Rs. 13.55 per share and also issued and allotted 47,300 shares to the eligible employees. 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 (i) 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

During the year ended March 31, 2014, the company has not granted any options under the Employees Stock Option Scheme 2008.

24. MINDTECK EMPLOYEES WELFARE TRUST

The Mindteck Employees Welfare Trust was set up in the year 2000 to implement the Company's Share Incentive Scheme. As on March 31, 2014, 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.

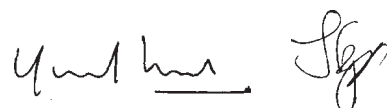
25. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

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.

26. 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 in our progress and look forward to their continued support.

On behalf of the Board of Directors



Bengaluru, India
Date: May 29, 2014

Yusuf Lanewala
Chairman &
Managing Director

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 to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2014, 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

	Mindteck ESOP 2005
a) Options granted during the year	69,300
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	99,400
d) Options exercised during the year	47,300
e) Total no. of shares arising out of exercise of options	47,300
f) Options lapsed/forfeited during the year	157,200
g) Variation of terms of options	-
h) Money realized by exercise of options	865,300
i) Total no. of options in force	214,000
j) Employee-related details of options granted to: <ul style="list-style-type: none"> (i) Senior Management Personnel (ii) Any other employee(s) in receipt of grant in excess of 5% of options granted during the year (iii) Employee(s) in receipt of grant in excess of 1% of issued capital as on the date of the grant 	(1) Sudhir Kumar Singh, Ratnakar G Gandhe, Harish Nair & S Shivarama Adiga were allotted 8400 ESOP each. Nil Nil
k) Diluted EPS pursuant to issue of shares calculated in accordance with AS 20	Rs. 4.86
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, 2014 would have been Rs 119,888,833 (previous year Rs 17,353,997) i.e. lower by Rs 175,171 (previous year lower by Rs 449,258) and the basic and diluted EPS for the year would have been Rs 4.89 and Rs 4.86 (previous year Rs 0.71 and Rs 0.70 respectively).
m) Weighted average <ul style="list-style-type: none"> - exercise price of options exercised during the year - fair value of options exercised during the year 	Rs.19.02 Rs.18.29
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.

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 office premises is planned to allow effective use of sunlight and thus reduce the need of switching on the 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 waterpipes have been resized to reduce the 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.
- All paper waste and shredded paper is sent to a recycling agent, including the 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

Since its formal inception in October 2013, the R&D division has been focusing on creating, developing and maintaining IPs, products, processes and solutions essential to meet the demands of the marketplace and help Mindteck customers innovate and excel.

Our IP inventory categorized under Wireless Stack, Embedded, Process and Application Software are intended to serve as 'Mindteck Tools' which will be re-used in customer projects as "solution accelerators" to reduce project timelines, project cost, project risk and also add to the quantification of organization assets. Some of the IPs will be standalone products and solutions targeted to end customers.

We have trial launched two products/solutions: Ignite Energy Management System – designed to transform office buildings into energy efficient smart buildings, and ProdXL –an enterprise productivity improvement solution.

We have applied to the Directorate of Scientific and Industrial Research (DSIR), Government of India, for obtaining accreditation for our R&D house. This will enable us to get tax rebate on R&D expenses.

During the year, Mindteck spent Rs. 37,33,246 on R&D initiatives.

3. Foreign Exchange Earnings and Outgo

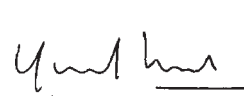
- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

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

b)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Earnings	685,873,656	563,682,647
Expenditure	17,770,100	20,687,408

On behalf of the Board of Directors



Bengaluru, India
Date: May 29, 2014

Yusuf Lanewala
Chairman &
Managing Director



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.

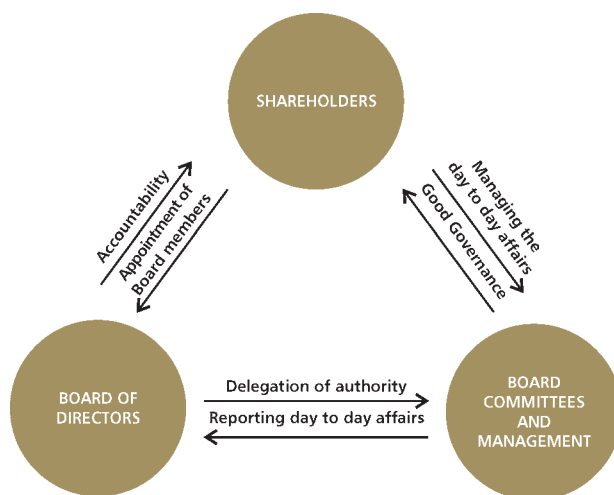
The Management aims to achieve its objective of increasing stakeholder's value while consistently observing the norms laid down in the Code of Corporate Governance. The Management has institutionalized Corporate Governance at all levels within the Company in order to ensure transparency, good practices 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) Maintenance of 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 Chairman & Managing Director 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. There is a clear demarcation in the roles and responsibilities of the Chairman and the Board.

As at March 31, 2014 the Company had six Directors, of which three Directors are Independent, as defined in Clause 49 of the Listing Agreement. The Chairman and Managing

Director 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 as follows:

Director	Designation and Category	Age	Equity Shareholding	No. of Directorship*		Committees	
				Public	Private	Chairman	Member
Mr. Yusuf Lanewala ⁽¹⁾	Chairman and Managing Director	60	Nil	-	1	-	-
Mr. Dayananda Shetty ⁽²⁾	Executive Director	67	Nil	-	-	-	-
Mr. Meenaz Dhanani ⁽³⁾	Executive Director	57	Nil	-	-	-	-
Mr. Javed Gaya	Independent Director	58	Nil	1	7	1	-
Mr. Narayan A. Menon	Independent Director	65	Nil	-	-	-	-
Mr. Jagdish Malkani ⁽⁴⁾	Independent Director	58	NIL	-	2	-	-

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

- (1) Appointed as Chairman w.e.f. October 01, 2013 and Re-appointed as Managing Director & CEO w.e.f April 01, 2014.
- (2) Appointed as Executive Director w.e.f October 01, 2013 subject to the approval of the shareholders at the Annual General Meeting, 2014.
- (3) Appointed as Executive Director w.e.f. October 04, 2013 subject to the approval of the Central Government and shareholders at the Annual General Meeting, 2014.

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 Independent Directors have any material pecuniary relationship or transactions with the Company. None of 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 2013-2014 – May 10, 2013, August 08, 2013, November 12, 2013 and January 31, 2014.

Remuneration:

During the year 2013-2014, the remuneration of Rs.3,434,023 was paid to the Chairman and Managing Director and no sitting fees were paid to the Chairman and Managing Director w.e.f. his appointment as Managing Director. The Company paid sitting fees of Rs. 20,000 per meeting to its Independent Directors for attending meetings of the Board and Rs. 10,000 for attending Committee meetings.

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

Name of the Director	No. of Board Meetings during 2013-14		Whether attended last AGM held on September 27, 2013	Sitting fees for Board and Committee meetings (in Rs.)
	Held	Attended		
Mr. Yusuf Lanewala ⁽¹⁾	4	4	Yes	40,000
Mr. Dayananda Shetty ⁽²⁾	4	2	No	Nil
Mr. Meenaz Dhanani ⁽³⁾	4	1	No	Nil
Mr. Javed Gaya	4	4	Yes	190,000
Mr. Narayan A. Menon	4	2	Yes	110,000
Mr. Jagdish Malkani	4	3	Yes	120,000

(1) Appointed as Additional Director w.e.f. February 13, 2013 and later appointed as Managing Director and CEO w.e.f. June 11, 2013 to March 31 2014, further appointed as Chairman w.e.f. October 01, 2013 and reappointed as Managing Director & CEO w.e.f. from April 01, 2014 subject to the approval of shareholders at the Annual General Meeting, 2014.

(2) Appointed as Executive Director w.e.f. October 01, 2013 subject to the approval of shareholders at the Annual General Meeting, 2014.

(3) Appointed as Executive Director w.e.f. October 04, 2013 subject to the approval of the Central Government and shareholders at the Annual General Meeting, 2014.

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/Independent Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The amount of the said commission will be decided each year by the Board of Directors and distributed amongst the Non-Executive/Independent Directors. However, commission shall be paid to Non-Executive/Independent Directors of the Company during the current year subject to the approval of shareholders at Annual General Meeting, 2014. 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 paid remuneration to Mr. Yusuf Lanewala, Chairman and Managing Director a sum of Rs. 3,434,023 which was approved by the shareholders at the Annual General Meeting held on September 27, 2013. Mr. Dayananda Shetty was appointed as Executive Director w.e.f. October 01, 2013 and remuneration of Rs. 2,070,581 was paid as approved by the Board of Directors and subject to the approval of shareholders at the Annual General Meeting, 2014.

The Company did not pay any remuneration to Mr. Meenaz Dhanani who was appointed as Executive Director w.e.f. October 04, 2013 and he is drawing salary from the Company's wholly owned subsidiary in the US, Mindteck, Inc., subject to the approval of the Central Government and shareholders at the Annual General Meeting, 2014.

Proceedings of Board Meetings:

The agenda items for the Board meetings are decided in advance in consultations with heads of various functions and the Chairman and Managing Director. 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 on the key operational parameters of the Company.
- Minutes of meetings of the 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 labour 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 has 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 and Bombay Stock Exchange wherever necessary to comply with the Listing Agreement. An Action Taken 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) Nomination and Remuneration Committee
- (iii) Stakeholders Relationship 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:

Narayan A. Menon, Chairman (Independent Director)

Javed Gaya, Member (Independent Director)

Yusuf Lanewala, Member (Chairman and Managing Director)

Jagdish Malkani,⁽¹⁾ Member (Independent Director)

Mr. Shivarama Adiga S., Company Secretary, acted as Secretary for all the Audit Committee meetings held in 2013-14.

(1) Appointed as Member of the Committee w.e.f. November 12, 2013.

(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 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 on May 06, 2013, August 08, 2013, November 12, 2013 and January 31, 2014. 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 as follows:

Table No. 03 Members	No of meetings	
	Held	Attended
Mr. Narayan A. Menon, Chairman	4	3
Mr. Javed Gaya	4	4
Mr. Yusuf Lanewala	4	4
Mr. Jagdish Malkani ⁽¹⁾	4	2

(1) Appointed as Member of the Committee w.e.f. November 12, 2013.

(ii) Nomination and Remuneration Committee

(a) Composition:

Javed Gaya,⁽¹⁾ Chairman (Independent Director)

Narayan A. Menon,⁽²⁾ Member, (Independent Director)

Yusuf Lanewala,⁽³⁾ Member (Chairman and Managing Director)

Jagdish Malkani,⁽⁴⁾ Member (Independent Director)

(1) Appointed as Chairman of the Committee w.e.f. November 12, 2013, until that date he was a member of the Committee.

(2) Appointed as Member of the Committee w.e.f. November 12, 2013, until that date he was a Chairman of the Committee.

(3) Resigned as Member of the Committee w.e.f. November 12, 2013.

(4) Appointed as Member of the Committee w.e.f. November 12, 2013.

(b) Powers/Roles: The terms of reference of the Nomination and Remuneration 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 Independent Directors of the Board, Executive Directors of the Company and its managerial personnel under the Companies Act, 1956.
- (iii) To review performance and determine the remuneration payable to Executive Directors.
- (iv) Establishment and administration of employee compensation and benefit plans.
- (v) To decide and make suitable recommendations to the Board on any other matter that the Board may entrust the Committee with or as may be required by any statutes/regulations/guidelines/listing agreements, etc.

As the Nomination and Remuneration Committee is responsible for all the objectives of the Nomination Committee as suggested under Voluntary Corporate Governance Guidelines.

(c) Meetings: The Committee held three meetings during the year – August 08, 2013, November 12, 2013 and January 31, 2014.

Attendance Record in Nomination and Remuneration Committee meetings held during the year are as follows:

Members	No of meetings	
	Held	Attended
Mr. Javed Gaya, Chairman ⁽¹⁾	3	3
Mr. Narayan A. Menon ⁽²⁾	3	2
Mr. Yusuf Lanewala ⁽³⁾	3	2
Mr. Jagdish Malkani ⁽⁴⁾	3	2

1. Appointed as Chairman of the Committee w.e.f. November 12, 2013, until that date he was a member of the Committee.
2. Appointed as Member of the Committee w.e.f. November 12, 2013, until that date he was a Chairman of the Committee.
3. Resigned as Member of the Committee w.e.f. November 12, 2013.
4. Appointed as Member of the Committee w.e.f. November 12, 2013.

(iii) Stakeholders Relationship Committee

(a) Composition:

Javed Gaya, Chairman (Independent Director)
 Narayan A. Menon,⁽¹⁾ Member (Independent Director)
 Yusuf Lanewala, Member (Chairman and Managing Director)

Dayananda Shetty,⁽²⁾ Member (Executive Director)
 Jagdish Malkani,⁽³⁾ Member (Independent Director)

(1) Resigned as Member w.e.f. November 12, 2013.

(2) Appointed as Member of the Committee w.e.f. November 12, 2013.

(3) Appointed as Member of the Committee w.e.f. November 12, 2013.

Mr. Shivarama Adiga S., Company Secretary, acts as the Chief Compliance Officer.

(b) Objective/Powers: The Stakeholders Relationship 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 06, 2013, August 08, 2013, November 12, 2013 and January 31, 2014. 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 Stakeholders Relationship Committee Meetings held during the year are as follows:

Members	No of meetings	
	Held	Attended
Mr. Javed Gaya, Chairman	4	4
Mr. Narayan A. Menon ⁽¹⁾	4	2
Mr. Yusuf Lanewala	4	4
Mr. Dayananda Shetty ⁽²⁾	4	2
Mr. Jagdish Malkani ⁽³⁾	4	2

(1) Resigned as Member w.e.f. November 12, 2013.

(2) Appointed as Member of the Committee w.e.f. November 12, 2013.

(3) Appointed as Member of the Committee w.e.f. November 12, 2013.

Report of Investor Complaints received and disposed of during year ended March 31, 2014:

No. of Investor issues	No. of cases outstanding as on April 01, 2013	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2014
No. of Investor issues	Nil	1	1	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:

Narayan A. Menon,⁽¹⁾ Chairman (Independent Director)
Yusuf Lanewala, Member (Chairman and Managing Director)

Jagdish Malkani, Member (Independent Director)

Meenaz Dhanani,⁽²⁾ Member (Executive Director)

(1) Appointed as Chairman w.e.f. November 12, 2013.

(2) Appointed as Member of the Committee w.e.f. November 12, 2013.

(b) Objective: The objective of the Committee is to ensure excellence in governance, foster exemplary standards of business conduct, 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 2013-14, 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 3.17 of the Financials as at March 31, 2014 contains a list of related party relationships and transactions as required by Accounting Standard-18 on Related Party Disclosures as specified in Companies (Accounting Standards) Rules, 2006.

Disclosures regarding the appointment or re-appointment of Directors:

During the year, Mr. Yusuf Lanewala was appointed as the Chairman w.e.f. October 01, 2013. Since his term of appointment ended on March 31, 2014, as a Managing Director and Group CEO, he was again re-appointed as Managing Director & CEO w.e.f. April 01, 2014.

The Board of Directors of the Company appointed Mr.

Dayananda Shetty and Mr. Meenaz Dhanani as Executive Directors w.e.f. October 01, 2013 and October 04, 2013, respectively.

According to the Article 112 of the Articles of Association of the Company, and the provisions of Companies Act 2013, one third of the Directors other than Independent Directors shall retire by rotation and if eligible, seek re-appointment at the shareholders annual general meeting. Mr. Yusuf Lanewala will retire by rotation in the ensuing AGM. The Board has recommended his re-appointment and sought shareholders' approval provided in the Notice convening the AGM.

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 Chairman & Managing Director 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.

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 take effective steps to for the mitigation for the organization.

The risks and Company's risk mitigation strategies are fully described in the risk management section and these procedures are periodically reviewed by Board of Directors to ensure effective controls.

Compliance with laws:

Mindteck believes in commitment to values and compliance of

laws which are the hallmarks of good corporate governance. Legal Compliance Management at Mindteck transcends to using compliances as a yardstick to measure and manage business risks to maximize 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 listed or 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, Nomination and Remuneration 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

For queries relating to financial statements:

B.V. Ramesh

Financial Controller
Tel: 91 80 4154 8000 Extn. 8005
E-mail: ramesh.venugopal@mindteck.com

For queries relating to shares/dividend/compliance:

Shivarama Adiga S.

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

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

Date of AGM	Time of AGM	Location	Table No. 07
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	
September 27, 2013	11:30 AM	Hotel Woodlands, "Chandani Hall" No-5, Rajaram Mohan Roy Road, Bengaluru-560025	

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

Financial Calendar: April 1, 2013 to March 31, 2014

Book Closure dates for the forthcoming AGM:

August 08, 2014 to August 14, 2014 (both days inclusive).

Your Company's equity shares are listed on the Bombay Stock Exchange Limited ('BSE') as at March 31, 2014 and Scrip code is 517344.

An Annual Listing fee for the year 2014-15 (as applicable) has been paid by the Company to the Bombay Stock Exchange. The Annual Custodial fee for the year 2014 -15 (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

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 2013-14 is scheduled on Thursday, August 14, 2014 at 11:00 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
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	
September 27, 2013	11:30 AM	Hotel Woodlands, "Chandani Hall" No-5, Rajaram Mohan Roy Road, Bengaluru-560025	

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 98.18% of the Company's equity share capital are dematerialized as on March 31, 2014. 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	2013-14		2012-13	
	Received	Attended	Received	Attended
No. of investor issues	1	1	Nil	Nil
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, 2014:

Table No. 10

Sl. No.	Particulars	No. of shares	No. of shares
1.	Shareholding of Promoter and Promoter Group	16,169,857	64.73
2.	Bodies Corporate	365,482	1.46
3.	Institutions	25	0.00
4.	Individuals	2,015,221	8.07
5.	NRI/OCBs	2,578,440	10.32
6.	Clearing Members	32,600	0.13
7.	Foreign National	205,671	0.82
8.	Foreign Corporate Bodies	2,292,958	9.18
9.	Foreign Bank	0.00	0.00
10.	Mindteck Employees Welfare Trust	416,000	1.67
11.	Mindteck Investors Trust	903,817	3.62
	Total	24,980,071	100.00

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.	First Asian Investments, S.A.	1,390,569	5.57
2.	Banco Efisa, S.A.	1,229,211	4.92
3.	Mindteck Investors Trust	903,817	3.62
4.	Tadhamon International Islamic Bank	802,000	3.21
5.	Mindteck Employees Welfare Trust	416,000	1.67
6.	Mahesh Tharani	320,149	1.28
7.	Infotech Ventures Ltd	261,747	1.05

Distribution of Shareholding as on March 31, 2014:

Table No. 12		As on March 31, 2014				As on March 31, 2013			
Range		Shareholders		Shares		Shareholders		Shares	
No. of Shares		Numbers	% to Total	Numbers	% to Total	Numbers	% to Total	Numbers	% to Total
1 – 500		7244	92.27	535,371	2.14	6990	95.32	460,358	1.85
501 – 1,000		270	3.43	226,679	0.91	168	2.29	134,984	0.54
1,001 – 2,000		142	1.80	219,661	0.88	65	0.89	93,221	0.37
2,001 – 3,000		52	0.66	132,117	0.53	27	0.37	65,216	0.26
3,001 – 4,000		29	0.37	100,861	0.40	18	0.25	64,116	0.26
4,001 – 5,000		21	0.27	97,834	0.39	9	0.12	40,931	0.16
5,001 – 10,000		47	0.60	343,350	1.38	25	0.34	189,940	0.77
10,001 & above		46	0.60	23,324,198	93.37	31	0.42	23,884,005	95.80
Total		7,851	100	24,980,071	100.00	7,333	100.00	24,932,771	100.00

Unclaimed Dividend:

Section 205A(5) and 205C 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 ⁽¹⁾ Rs.
2006-07	Final Dividend	10%	28/09/2007	01-11-2014	83,120.00
2007-08	Final Dividend	5%	30/07/2008	03-09-2015	46,105.50

⁽¹⁾Amount unclaimed as at March 31, 2014

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, 2014, as prescribed under Form 5 INV, has been posted on the website of the company.

In accordance with the above provision, during the year Rs. 83,103.00 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 Business Standard (English)/Financial Express (English) and Hosadigantha(Bengaluru Edition - Kannada) newspapers during the year ended March 31, 2014. The results have also been submitted to the Bombay Stock Exchange where the Company's equity shares are listed and posted on the Company's website (www.mindteck.com).

(ii) News Releases and Presentations:

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

(iii) Website:

The Company's website 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@uniseq.in or to the Company Secretary, to 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. If not opted, it is deemed to be accepted to send a soft copy through e-mail.

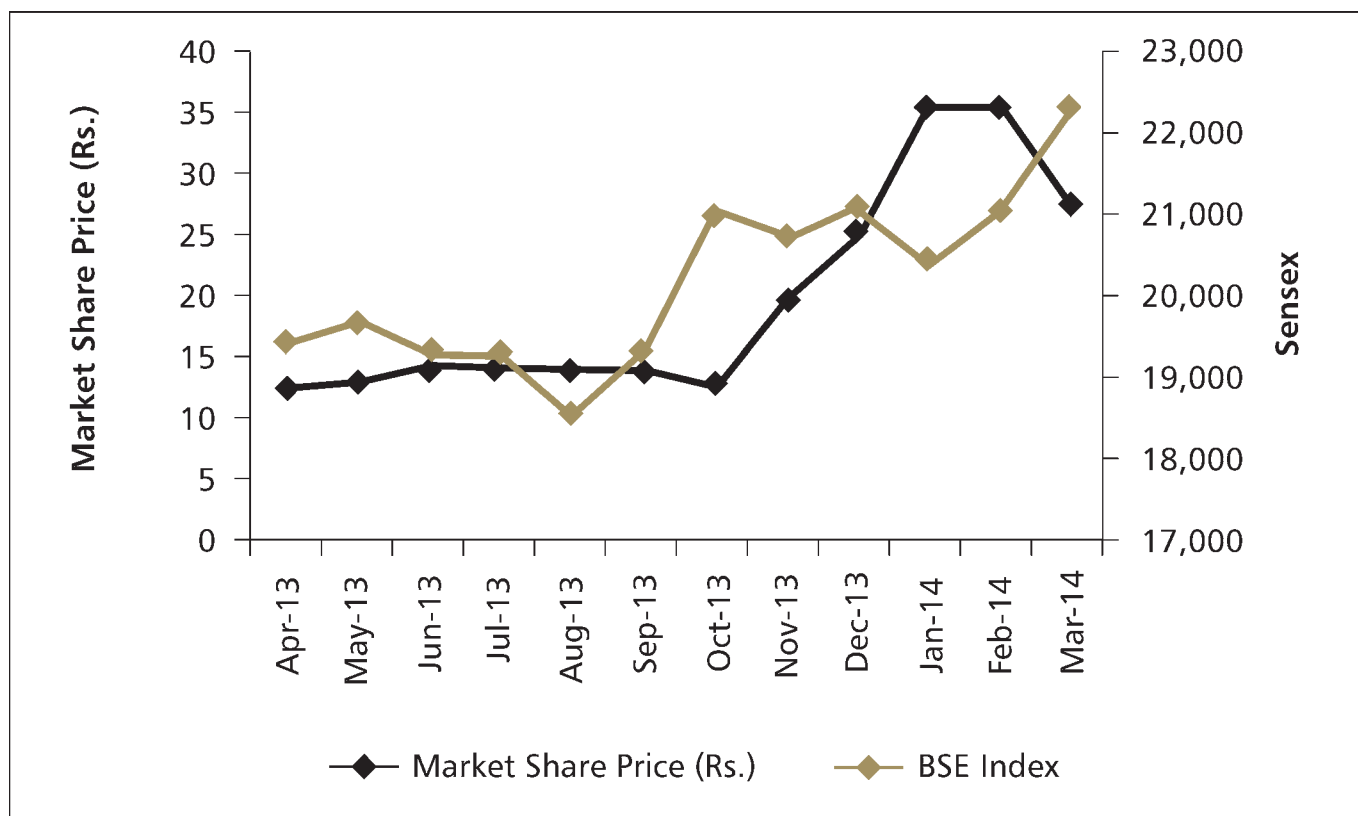
Market Price Data: High/Low of Company's equity shares on the Bombay Stock Exchange, Mumbai during each month in the year ended March 31, 2014:

Table No. 14	Sensex		Share Price		Trade	
Month	High	Low	High Rs.	Low Rs.	No. of shares traded	Value Rs.
April 2013	19,622.68	18,144.22	14.99	12.00	33,546	463,157
May 2013	20,443.62	19,451.26	13.65	12.01	5,032	65,208
June 2013	19,860.19	18,467.16	14.90	13.75	205	3,001
July 2013	20,351.06	19,126.82	-	-	-	-
August 2013	19,569.20	17,448.71	15.15	12.27	17,635	241,878
September 2013	20,739.69	18,166.17	15.77	13.36	8,259	117,211
October 2013	21,205.44	19,264.72	15.87	12.65	15,780	208,333
November 2013	21,321.53	20,137.67	20.70	13.05	355,497	6,781,544
December 2013	21,483.74	20,568.70	26.00	18.35	422,990	8,654,512
January 2014	21,409.66	20,343.78	44.90	25.50	996,662	35,601,661
February 2014	21,140.51	19,963.12	39.65	33.10	597,913	22,014,232
March 2014	22,467.21	20,920.98	38.75	27.15	434,273	14,442,823

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 2013	12.60	19,504.18	5,709.6419
	May 2013	13.12	19,760.30	6,065.34
	June 2013	14.90	19,395.81	6,255.10
	July 2013	-	19,345.70	7,458.19
	August 2013	14.15	18,619.72	8,027.55
	September 2013	14.49	19,379.77	7,839.26
	October 2013	12.93	21,164.52	8,477.73
	November 2013	20.00	20,791.93	8,414.25
	December 2013	26.00	21,170.68	9,081.78
	January 2014	36.20	20,513.85	9,476.62
	February 2014	36.00	21,120.12	9,792.25
	March 2014	28.05	22,386.27	8,789.38

Performance of Mindteck shares in comparison to BSE Index:



(Source data: www.bseindia.com)

On behalf of the Board of Directors

Yusuf Lanewala
Chairman and Managing Director

Bengaluru, India
Date: May 29, 2014

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/Independent Directors. I confirm that the Company has in respect of the financial year ended March 31, 2014, 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

Yusuf Lanewala
Chairman and Managing Director

Bengaluru, India
Date: May 29, 2014

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, 2014, 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.

Place: Bengaluru
Date: May 29, 2014

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



Vineet Dhawan
Partner
Membership No.: 092084

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

According to numerous industry and economic experts, IT spending will improve slowly as the global economy continues its recovery. Though catch-up spending, and pent-up demand for server and storage capacity, is expected to drive some growth, increased competition and product commoditization will lessen the pace.

The recently released IDC Worldwide Black Book showed the IT market increasing by 4.5% in constant currency, but 2.5% in US dollars. It also lowered its forecast for total IT spending growth in 2014 from 4.6% to 4.1% in constant currency, which translates into US dollar growth of 3.4%. CompTIA, a leading trade association for the global IT industry, also projects the same growth rate, but with an upside potential of 5.9%. The US forecast is slightly lower with just 3% and an upside potential of 5.4%.

According to Gartner, IT services will drive growth and enterprise software will see the strongest gains in 2014 and 2015. They have forecasted the IT services market to grow over USD 1 trillion in 2015 and indicated that it will become the first segment since telecom services to hit that mark. With respect to enterprise software, Gartner expects 2014 spending to reach USD 321 billion, a 6.9% gain from 2013, and forecast spending to jump to USD 344 billion, or 7.3% compared to 2014.

NASSCOM, a trade association of the Indian Information Technology and Business Process Outsourcing industry, forecasts that 2014 will be characterized by rapid evolution, expansion of verticals, geographic markets and new customer segments, and a considerably wider spectrum of solutions.

Despite challenges in the global market, the Indian IT-BPM industry sustained its growth trajectory and clocked export revenues of USD 86 billion with a year-on-year growth rate of 13 percent. The domestic market also witnessed a year-on-year growth rate of 10% taking the domestic revenues to INR 1150 billion. NASSCOM predicts Indian exports to grow by 13-15% with industry revenues expected to reach USD 130 billion. Rapid technology transformation is leading to altered and dynamic client engagement, which in turn is fueling business transfiguration, speeding up delivery services and driving innovation capabilities across practices and operations.

IT outsourcing trends that will drive the industry in 2014:

- *IT growth in 2014:* IT growth will stem from two different industries: a stagnant (0.7% growth) 2nd Platform "legacy

IT" market and a high-growth (15%) 3rd Platform market driven by mobile, big data, and social solutions, as well as emerging markets, line-of-business executives and cloud service providers and developers.

- *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.
- *Hybrid outsourcing gears up:* In 2014, offshoring to a supplier will not be the trend as a new hybrid model combining insourced and outsourced offshore services will gain attention as an alternative. Companies are starting to invest in global business services models which combine the best of shared services and outsourcing under a common governance model.
- *Lower-priced IT outsourcing consulting:* Some industry watchers predict that companies who have gained IT outsourcing experience will try to save money going forward by trying to negotiate their own deals for IT services, without benefit of consultant back-up. A key trend for 2014 is an increasing number of IT outsourcing deals, but with lower contract values. Consultants will have to rethink their approach to pricing in order to retain customers, possibly by taking on smaller projects that cost less or by focussing on their customer's results rather than an hourly or project-based fee.
- *Quantifying the cloud:* Cloud is set to become more sophisticated and more strategic when it comes to service provision. Clients and service providers are expected to further define their strategic objectives for cloud services, applying consistent metrics to quantify their return on investment and navigate a rapidly evolving contracting environment.
- *Governance gets harder:* Companies have realized that the success of an outsourcing program lies largely on their vendor governance practices. While many organizations continue to under-invest in this critical activity, there is a growing awareness that good governance can either make or break a deal.
- *Contracts compel inter-provider cooperation:* As organizations continue to implement a multi-sourcing best-of-breed strategy, customers will need to find a way to force competitive service providers to work together to achieve common goals. In 2013, some outsourcing customers implemented outsourcing 'cooperation agreements' that contractually obligated service providers to cooperate at an operational level. 2014 will see an increase use of outsourcing cooperation agreements.
- *Big deals get smaller, small deals get bigger:* Multi-sourcing continues to be the name of the game. Prior mega-deals

will continue to be disaggregated and resourced in smaller pieces. At the same time, however, many smaller deals will be rolled up into midsize deals as customers seek more leverage with their vendors.

- *Technology:* Technology initiatives will be focused on social, mobile, analytics, and cloud (SMAC) and will result in the supplier mix becoming more complicated, as new service models, delivery mechanisms, and skill sets become essential to supplier success. Simultaneously, vendors will become more closely tied to the business outcomes of their customers, and a select few will take on the role of strategic partners.
- *Rise of Automation:* Automation is expected to increase. IT service providers have been experimenting with machines - 'robots' - that can 'learn' to perform increasingly sophisticated operations without human intervention. 2014 will see significant growth in the development and implementation of robot-like technologies that will automate many tasks currently performed by full-time employees in (outsourcing) deals.

Market Outlook by Industry for 2014

PRODUCT ENGINEERING SERVICES

The global Product Engineering Services industry is currently going through a period of immense change, with significant global expansion and the introduction of new technologies. From restructuring global supply chains to diversifying operations into other industry sectors, companies across the high tech industry are diversifying into other sectors, embracing new technologies and new markets in order to survive. Mindteck is all well positioned to derive good traction as a result of this trend.

Data Storage

Data production will reach 40 trillion gigabytes by the end of the decade and data storage companies will benefit from the increased demand. Since technology is the backbone of every type of business on the planet, IT needs are growing as new fields like data analytics become a necessity for companies to stay competitive. The ability to process and store data not only drives IT, but also will soon drive all industries.

According to recent reporting, IT managers' largest concern is managing data storage growth. Estimates show that by the end of the decade, the digital universe will grow 300 times from what it is today. It is clear that storing such a vast amount of information will be of paramount importance over the short- and long-run. Reports also estimate that 20% of the storage market will be attributed to cloud computing, so innovative data storage companies will benefit from data storage demand.

New methods of storing data are being developed in order to tackle this growing need. Cloud computing has been the headline in the IT industry, but analysts don't expect it to be the leader of the future.

Smart Energy

With the smart grid core and enabled technology market expected to grow to USD 220 billion by 2020, it is no secret that

the smart grid is seen by many utilities around the globe as the ticket to addressing the escalating demand for reliable power, renewable energy integration, and greater energy efficiency.

Global smart grid investment reached USD 14.9 billion in 2013, up from the USD 14.2 billion recorded in 2012, according to the latest authoritative figures from research company Bloomberg New Energy Finance. China finished the year as the world's largest smart grid market, exceeding North America in dollar investment for the first time. North America actually shrunk significantly in 2013, falling 33% to USD 3.6 billion as the last of the US stimulus-funded projects wound down.

INFORMATION TECHNOLOGY SERVICES

Indian IT Services is bound to increase due to recovery in macroeconomic conditions in North America – the largest market for the Indian IT industry. Demand from Europe, where companies have increased outsourcing to save costs amidst a tough economic environment, will also boost the IT services sector.

Mindteck's ITS business unit, comprising General Application Development, Government, Life Sciences, Semiconductors, Cloud and Big Data, is well-positioned to derive good traction as a result of major trends.

Life Sciences

Research reports by leading agencies have identified continued high growth opportunities for this industry in 2014.

Despite increased regulation, pricing pressures and the effects of healthcare reform in many countries, the global life sciences sector is exhibiting resilience and reinvention as it employs new R&D and business models to cost-effectively deliver innovation, value and improved patient outcomes.

Mindteck currently works with several companies in the Test and Measurement segment and is involved in working with the manufacturing of electrical and electronic measurement tools and instruments. We currently serve multiple marquee clients in the Analytical and Scientific Instruments sector. Our main focus areas are well spread over Industrial and Laboratory Gas Analysers, Organic Carbon Analysers, Chromatography, Spectroscopy and Petroleum Analysers.

As an ISO 13485 accredited company, Mindteck provides critical software support for some leading medical device manufacturers in the areas of Medical Imaging, Remote Patient Monitoring, and Drug Delivery Systems.

Government

A variety of trends in government will keep the industry viable as a potential target area for IT growth. Some top IT trends, according to industry analysts, include data center consolidation, cloud computing, mobility, security and big data.

While IT spending in this sector remains high for the US, continued tight budget constraints, ongoing shifts in project prioritization based on political policy, procurement challenges, increased demand of technology-based constituent services, and leveraging services and data across government agencies, all have

an impact on the market. To help reduce challenges, success will rely on a number of factors, including government leadership, product coordination to keep up with the top industry trends, and standardization of infrastructure requirements.

Over the past year, a focus on IT spending related to the US healthcare reform regulation continued to be a main driver for the government sector. The future impact depends on each specific state's strategy and overall federal legislative changes. The government sector's future decisions relating to issues and trends surrounding security, big data, and services provided to constituents will continue to impact policies and operations across the private and public sectors.

The key for Mindteck will be to focus on specific areas where our innovative ideas and expertise can be coupled with our proven ability to implement seamless solutions to meet our government 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 this sector.

Semiconductor

Many analysts expect the industry's revenue growth to pick up globally in 2014, thanks in part to the continuing popularity of consumer products, including tablets and smartphones. SEMI World Fab Forecast reveals a 20 to 30 percent projected increase in fab equipment spending in 2014. The uptick to 30 percent depends on specific fab projects in the Europe/Mideast and Asia regions.

According to Semiconductor Equipment and Materials International (SEMI) data, almost all industry segments will show double-digit growth for fab equipment spending. The segment showing the largest increase is expected to be MPU, followed by Memory. Analog, Logic and MEMS will share third place with about 30 percent growth each – off of a small spending base in 2013. The Foundry segment spending is expected to grow by 15 percent.

Gartner projects worldwide semiconductor capital equipment spending to total USD 37.5 billion in 2014, an increase of 12.2 percent from 2013 spending of USD 33.5 billion. Capital spending will increase 5.5 percent in 2014 as the industry begins to recover from the recent economic downturn, and total spending will follow a generally increasing pattern in all sectors through 2018.

Mindteck works extensively with the Semi Fab and LED industries so this positive outlook bodes well for us.

OPPORTUNITIES AND THREATS

- *Proven Track Record:* When compared to its competitors, Mindteck's strengths include a strong ability to ramp-up both onshore and offshore resources for projects. This track record is with an established group of customers with a strong record of delivering both fixed-price and time and material projects. This year, these strengths will allow Mindteck to capitalize on opportunities with customers who are undergoing significant change in their business operations.

- *Subject Matter Expertise:* Mindteck possesses deep domain expertise in our key areas of focus such as Storage Testing, Analytical Instruments, Semiconductor Manufacturing, Wireless Development and Integration. This expertise allows us to provide thought leadership to our clients, transcending the client-vendor relationship and becoming more of a partner in the client's 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:* Mindteck's global delivery capabilities provide clients with the right people, skills and industry expertise to deliver quality solutions at the client's site virtually anywhere in the world, offshore at delivery centres in Bengaluru and Kolkata, and onshore in Enola, PA and Singapore, with greater reliability, quality and productivity.
- *Cross-selling of our full portfolio:* Increased collaboration between our delivery units and sales team has availed increased opportunities to cross-sell our services within our 'blue chip' clientbase. In addition, our footprint allows us to service our global clients in multiple geographies.
- *New Competition:* Mindteck continues to face 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

- *High Attrition Rate:* Staff shortages and managing attrition rates continue to be challenges for IT companies worldwide. Mindteck strives to counteract these challenges by continually focusing on providing a good work environment and culture. Strict adherence to performance management policies, along with the recent institutionalization of a We Care brand ambassador for remote consultant employees, help ensure a positive experience and loyalty to Mindteck.
- *Cost Pressure:* Increasing employee costs and escalating operation expenses may create pressure on margin. As growth expectations take off, many companies expect costs to rise as a consequence. Mindteck's well-monitored framework for cost management will maintain cost discipline while growing revenue.
- *Uncertainties in global economy:* A good part of the global economy has been showing signs of growth. For the IT industry, the demand momentum is looking healthy in the major market. Discretionary spend is increasing. However, there are pockets of global markets where there are still some uncertainties. The IT industry is closely linked with the global economic situation. Mindteck continues an all-round

growth across the industry verticals with a larger portfolio of offerings and full service play helping existing customers drive efficiencies, meet their business goals and aggressively focus on new market segments.

Showing signs of recovery, the global economy is projected to double in size by 2032 and nearly double again by 2050. China will outstrip the US by 2017 (measured in terms of purchasing power parity). And India is likely to become the third 'global economic giant', a long way ahead of Brazil, which we expect to move up to fourth place, ahead of Japan.

As the emerging economies become larger and wealthier, demand for services is rising. This phenomenon is already shaping global markets: in 2010, emerging economies spent more than the G7 on imported services for the first time since reliable records began.

The Eurozone, which lagged behind other advanced economies during the economic recovery, is expected to grow in 2014 for the first time in three years.

Europe is riding a surge of rising confidence. A number of indicators are highlighting a turnaround in economic fortunes in the area. The Eurozone GDP as a whole is expected to grow by 1% in 2014, its first year of positive growth since 2011. Financial indicators are also encouraging. Key equity markets have gained more than 20% over the past 12 months and yields on Eurozone government bonds have fallen to well below their long term averages.

- *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.
- *Selling, General and Administrative Cost Containment (SG&A):* Taking a holistic approach and observing certain caveats can help bring SG&A expenses in line. As revenue grows, it is imperative to not allow SG&A costs to grow proportionally. Efforts to reengineer internal processes and re-vamp 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 risks:* Clients across the industry are demanding service providers agree to longer payment terms (e.g., NET 60 or NET 90 days). 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

Business

During the year under review your Company recorded

consolidated revenue of Rs 3,288.12 million as against Rs 2,643.17 million in the previous year, registering a positive growth of 24% in revenues. Of the revenues that were recorded, 80% is attributed to the US and the rest to Asia, Middle East and Europe.

Mindteck's net profit for the year stood at Rs 186.14 million, as against Rs 10.59 million in the corresponding previous year.

At an operating margin level, Mindteck recorded EBIDTA (Including other income) of Rs 299.10 million this fiscal as against Rs 40.94 million last year.

Share Capital

Mindteck has an issued share capital base of 24,980,071 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, 2014, 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 accounts.

During the year, 69,300 options have been granted to employees under the Mindteck Employees Stock Option Schemes, 2005.

Reserves and Surplus

Mindteck has retained a balance of Rs 232.53 million in the Statement of Profit and Loss as at March 31, 2014. Shareholders' funds, excluding capital reserves, increased from Rs 1,200.97 million in FY 2013 to Rs 1,384.12 million in FY 2014.

Non-Current Liabilities

Non-current liabilities include term loan, rental deposit, rent equalization reserve and provision for employee benefits. The non-current liabilities, decreased from Rs 46.19 million in FY 2013 to Rs 41.19 million in FY 2014. The decrease is because of the settlement of term loan and changes in provision made for employee benefits and rent equalization reserves.

Current Liabilities

Current liabilities include the current portion of a term loan, trade payables, provision for employee benefits, provision for tax, provision for proposed dividend and other current liabilities.

The current liabilities increased from Rs 362.24 million in FY 2013 to Rs 437.16 million in FY 2014.

Mindteck Singapore Pte Ltd. had a receivables factoring facility in Singapore and the same was closed during the year. The balance as at March 31, 2013 was Rs 6.14 million.

Mindteck, Inc. has a Line of Credit facility in United States of America and the balance as at March 31, 2014 is Rs Nil. The balance as at March 31, 2013 was Rs 4.13 million.

Trade payables reduced from Rs 150.88 million in FY 2013 to Rs 148.05 million in FY 2014.

Other current liabilities comprise unearned income, the current portion of a term loan, statutory liabilities, such as PF, TDS, etc., and payroll payables amounting to Rs. 109.74 million as at March 31, 2014 compared to Rs. 127.38 as at March 31, 2013. The decrease is due to settlement of a term loan.

Short-term provision for employee benefits, taxation and proposed dividend and tax thereon stood at Rs 179.36 million as at March 31, 2014 compared to Rs 73.70 as at March 31, 2013. The increase is due to a provision for proposed dividend and tax thereon, along with increased provision for taxation, as the company has made considerable profits during the year.

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 32.69 million in fixed assets during the fiscal year. Mindteck has replaced the capital equipments which were leased from reputed vendors with own assets by investing considerable amount in fixed assets. This has helped the Company to build an asset base and also reduce expenses.

Deferred tax assets or liability arises while distributing the tax expense over a period of time that the tax profits and book profits differ on account of varying treatment of deductible items of 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 on 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 to Rs 147.42 million as at March 31, 2014 compared to Rs 129.27 million as at March 31, 2013. The increase is due to the payment of Rs 15.00 million income tax under protest relating earlier year assessments to enable Mindteck to appeal against the orders passed by the Income Tax Department.

Other non-current assets consist of fixed deposits with a bank against which the bank has lien for the guarantees issued amounting to Rs 3.07 million as at March 31, 2014.

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, 2014 amounts to Rs 568.48 million, representing about 63 days of sales. All debts doubtful of recovery have been provided for in the financial statements.

Cash and Bank balances amounted to Rs 153.95 million, including both rupee and foreign currency accounts.

Short-term loans and advances include security deposits, prepaid expenses, employee and supplier advances. The balance as at March 31, 2014 stood at Rs 22.64 million.

Other current assets include unbilled revenue and claimable expenses. The balance as at March 31, 2014 stood at Rs 132.48 million.

Investments

Mindteck (India) Limited has six wholly-owned subsidiaries and two step-down subsidiaries as at March 31, 2014. 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., SOC - Operating company
- Mindteck Software Malaysia Sdn Bhd - Operating company
- Mindteck Germany GmbH - Selling and marketing company (step-down subsidiary)
- Mindteck Netherlands BV - Selling and marketing company (step-down subsidiary)
- Chendle Holdings Ltd. - Investment arm, holding stock in Mindteck, Inc., US

RESULTS OF OPERATION

Income

Revenues from software services registered a 24% growth in FY14. The Company recorded Rs 3,288.12 million in FY14 as against Rs 2,643.17 million in FY13. The items of other income include rental income from own property, foreign exchange gain, interest income from deposits, provision no longer required written back and other miscellaneous items.

Expenses

Employee benefit expense and cost of technical sub-contractors for the FY14 stood at Rs 2,714.53 million as against Rs 2,308.42 million in FY13. Manpower expense for the year is 83% of revenue, which was 87% last year.

Finance cost in FY14 was Rs 4.86 million as compared to Rs 4.96 million in FY13. The reason for the decreased expense was due to settlement of a term loan during the year.

Other expenses of FY14 amounted to Rs 283.92 million compared to 294.45 million (excluding Rs 13.85 million of net foreign exchange loss) last year. The Company implemented several cost rationalization measures to ensure that the expenses base was reduced during the year. The Company will continue to focus on cost effective measures to reduce the expense base further.

Tax provision for the year amounting to Rs 99.18 million is the aggregate of current tax liability in all tax jurisdictions in which 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 regulation governing the set of brought forward losses arising from the M&A completed by the Company in FY 2008. In making this provision, 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 and agreement (DTAA) in the US to the extent the same is not recoverable from India Tax Authorities under the DTAA.

Operating Profit and Net Profit

EBIDTA for the year amounted to Rs 299.10 million as against Rs 40.94 million the previous year. Net Profit is Rs 186.14 million in FY14, at about 5.66% of software revenue, as against Rs 10.59 million in FY13, at about 0.40% of software revenue.

HUMAN RESOURCES

During the year, the annual attrition was 15% as against 9.58% in the previous year. The Company is continuously focusing on people engagement practices, career aspirations management and sharing best practices in learning and development in order to retain our talent.

Mindteck is conducting numerous training opportunities to keep employees interested in line with professional development standards in the market. We allow for multiple roles or allocate different tasks to encourage variety and motivation. We are setting goals for employees by discussing and enquiring about their future aspirations within the organization and also demonstrating to employees that they have long-term prospective and ample opportunities for growth and career progression within our organization.

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

The Board of Directors
Mindteck (India) Limited

We, Yusuf Lanewala, Chairman and Ramesh BV, Financial Controller, to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statements for the quarter and year ended March 31, 2014 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.



Yusuf Lanewala

Managing Director and Chief Executive Officer



Ramesh B V

Financial Controller

Place: Bengaluru, India
Date: May 29, 2014

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 2014, 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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;
- (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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (v) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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



Vineet Dhawan
Partner
Membership No. 092084

Place: Bengaluru
Date: May 29, 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report to the members of Mindteck (India) Limited ('the Company') for the year ended 31 March 2014. 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 Provident Fund, Employees' State Insurance, Income tax, Service tax and other material statutory dues were in arrears as at 31 March 2014 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	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Income tax/ interest/ transfer pricing	15,179,082 (5,000,000)*	Assessment year 2006-07	Income Tax Appellate Tribunal, Bangalore
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, Bangalore
Income Tax Act, 1961	Income tax/ interest /transfer pricing	54,907,377 (15,000,000)*	Assessment year 2009-10	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Income tax/ interest /transfer pricing	34,365,224	Assessment year 2010-11	Dispute resolution Panel Bangalore

* 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.

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

for B S R & Company

Chartered Accountants

Firm Registration No. 128032W



Vineet Dhawan

Partner

Membership No. 092084

Place: Bengaluru

Date: May 29, 2014

BALANCE SHEET AS AT MARCH 31, 2014

Amount in Rs.

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3.1.1	245,640,710	245,167,710
Reserves and surplus	3.1.2	1,294,764,123	1,203,533,253
		1,540,404,833	1,448,700,963
Share application money pending allotment	3.1.1 (b)	7,565,656	7,565,656
Non-current liabilities			
Long-term borrowings	3.2.1	-	4,625,178
Other long-term liabilities	3.2.2	4,448,643	2,681,497
Long-term provisions	3.2.3	10,167,346	11,044,429
		14,615,989	18,351,104
Current liabilities			
Trade payables	3.3.1	28,813,735	26,356,068
Other current liabilities	3.3.2	9,922,728	36,383,774
Short-term provisions	3.3.3	76,770,555	12,473,189
		115,507,018	75,213,031
		1,678,093,496	1,549,830,754
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	3.4.1	34,579,151	16,557,043
Intangible fixed assets	3.4.1	6,210,700	6,451,872
Non-current investments	3.4.2	1,231,291,030	1,231,291,030
Deferred tax assets (net)	3.4.3	5,053,478	3,422,730
Long-term loans and advances	3.4.4	141,450,561	125,508,100
Other non-current assets	3.4.5	3,070,916	2,861,767
		1,421,655,836	1,386,092,542
Current assets			
Trade receivables	3.5.1	105,453,663	100,800,185
Cash and bank balances	3.5.2	100,393,462	26,765,597
Short-term loans and advances	3.5.3	15,383,405	21,295,627
Other current assets	3.5.4	35,207,130	14,876,803
		256,437,660	163,738,212
		1,678,093,496	1,549,830,754

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 B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Amount in Rs.

	Note	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations		758,400,487	580,385,534
Other income	3.6	8,075,103	3,866,885
Total revenues		766,475,590	584,252,419
Expenses			
Employee benefits expense	3.7	388,544,991	364,143,980
Cost of technical sub-contractors		25,322,171	11,899,507
Finance costs	3.8	1,705,661	2,271,276
Depreciation and amortization expense	3.4.1	6,152,052	4,694,732
Other expenses	3.9	150,658,846	168,403,475
Total expenses		572,383,721	551,412,970
Profit before tax		194,091,869	32,839,449
Tax expense			
Current tax		(66,937,851)	(13,291,559)
Deferred tax credit / (charge)		1,630,748	(1,744,635)
Tax relating to earlier years		(8,720,762)	-
Profit after tax		120,064,004	17,803,255
Earnings per equity share			
Equity shares of par value Rs.10/- each			
Basic		4.90	0.73
Diluted		4.86	0.72
Weighted average number of equity shares used in computing earnings per share			
Basic	3.18	24,524,546	24,492,461
Diluted	3.18	24,685,429	24,624,751

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 B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Amount in Rs.

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Profit before taxation	194,091,869	32,839,449
Adjustments:		
Depreciation and amortization	6,152,052	4,694,732
Interest expense	532,567	1,396,371
Interest income	(1,470,054)	(521,106)
Unrealised exchange differences	2,432,930	2,116,125
Provision no longer required written back	-	(1,166,161)
Profit on sale of fixed assets	(422,432)	(91,162)
Provision for doubtful debts and advances	-	5,000,000
Operating profit before working capital changes	201,316,932	44,268,248
Changes in trade receivables	(6,334,844)	(7,860,271)
Changes in loans and advances and other assets	(15,633,684)	(33,737,923)
Changes in current liabilities and provisions	18,233,883	(22,715,609)
Cash generated from / (used in) operations before taxes	197,582,287	(20,045,555)
Income taxes paid, net	(70,254,833)	(1,337,209)
Net cash provided by/(used in) operating activities	127,327,454	(21,382,764)
Cash flow from investing activities		
Purchase of fixed assets	(25,578,360)	(7,970,885)
Proceeds from sale of fixed assets	1,962,262	264,032
Interest received	1,470,054	521,106
Net cash used in investing activities	(22,146,044)	(7,185,747)
Cash flow from financing activities		
Proceeds from issue of equity shares	865,300	-
Interest paid on loans	(532,567)	(1,031,193)
Proceeds from term loans	-	31,325,178
Repayment of term loans	(31,325,178)	-
Dividends paid (including distribution tax)	(193,250)	-
Net cash (used in)/provided by financing activities	(31,185,695)	30,293,985
Net increase in cash and cash equivalents	73,995,715	1,725,474
Cash and cash equivalents at the beginning of the year	26,765,597	26,154,418
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(367,850)	(1,114,295)
Cash and cash equivalents at the end of the year*	100,393,462	26,765,597

Cash and cash equivalents at the end of the year include unpaid dividend account aggregating to Rs 129,226 (previous year Rs 326,666).

* Refer note 3.5.2

As per our report of even date attached

for B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 centres 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 have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('The Act') which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211 (3C) of the Companies Act, 1956 w.e.f. September 12, 2013), other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), the provisions of the Companies Act, 2013, (to the extent notified and applicable), 1956, (to the extent applicable) and the guidelines issued by Securities and Exchange Board of India ('SEBI') to the extent applicable.

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 statement of profit and loss.

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 statement of profit and loss.

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 statement of profit and loss 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 statement of profit and loss. 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.

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 dilutive earnings per share, potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

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

2.11 Goodwill

Goodwill has been recorded to the extent the cost of acquisition of 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 statement of profit and loss. 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, 2014	As at March 31, 2013
Authorised		
Equity shares		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
Preference shares		
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
Issued, subscribed and paid-up capital		
Equity shares		
24,980,071 (previous year 24,932,771) equity shares of Rs 10 each fully paid-up	249,800,710	249,327,710
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)	(4,160,000)	(4,160,000)
	245,640,710	245,167,710

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: 102,878 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.

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, 2014		As at March 31, 2013	
	Numbers	Amount	Numbers	Amount
Equity Shares				
Number of shares outstanding at the beginning of the year (after reduction of equity shares held by Mindteck Employees Welfare Trust)	24,516,771	245,167,710	24,452,472	244,524,720
Add: shares issued from the shares reserved for issuance (refer note 3.1.1 (b) above)	-	-	64,299	642,990
Add: Additions during the year on exercise of employee stock options/restricted shares	47,300	473,000	-	-
Number of shares outstanding at the end of the year	24,564,071	245,640,710	24,516,771	245,167,710

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.

The Board of Directors at its meeting held on May 29, 2014 have recommended dividend of 10% (Re 1 per equity share of par value Rs 10 each) for the year ended March 31, 2014.

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, 2014	As at March 31, 2013
Embatech 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, 2014		As at March 31, 2013	
		No. of shares	%	No. of shares	%
1	Embatech Holdings Limited	16,169,857	64.73%	16,169,857	64.85%
2	Banco Efisa S.A	-	-	2,726,668	10.94%
3	First Asian Investments S.A	1,390,569	5.57%	-	-

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, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	-	-	100,000	3,069,944

The Company had issued 7,800,000 equity shares in the year ended March 31, 2008, 3,069,944 equity shares in the year ended March 31, 2009 and 100,000 equity shares in the year ended March 31, 2010 totalling to 10,969,944 equity shares of Rs 10 each and 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

a) *Employee Share Incentive Scheme 2000*

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

b) *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, 2014, the Company has granted 69,300 options on November 12, 2013 at an exercise price of Rs 13.55 per share.

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	349,200	19.02	406,700	23.86
Granted during the year	69,300	13.55	96,600	16.70
Exercised during the year on exercise of employee stock options/ restricted shares	47,300	18.29	-	-
Forfeited during the year	147,000	18.50	45,900	50.55
Lapsed during the year	10,200	31.00	108,200	21.76
Options outstanding at the end of the year	214,000	17.20	349,200	19.02
Options exercisable at the end of the year	91,733	18.85	99,400	21.41

The weighted average remaining contractual life of the options outstanding as at March 31, 2014 is 5.13 years (previous year 5.47 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, 2014 would have been Rs 119,888,833 (previous year Rs 17,353,997) i.e. lower by Rs 175,171 (previous year lower by Rs 449,258) and the basic and diluted EPS for the year would have been Rs 4.89 and Rs 4.86 (previous year Rs 0.71 and Rs 0.70) 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.

c) 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, 2014	As at March 31, 2013
Capital reserve	35,689,935	35,689,935
Securities premium reserve		
Opening balance	1,028,670,342	1,024,584,784
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [refer note 3.1.1(a)]	(36,240,000)	(36,240,000)
	992,430,342	988,344,784
Add: Additions during the year on exercise of employee stock options/ restricted shares	392,300	-
Add: Additions during the period on issue of shares from shares reserved for issuance [refer note 3.1.1(b)]	-	4,085,558
	992,822,642	992,430,342
Surplus (Balance in the statement of profit and loss)		
Opening balance	175,412,976	157,609,721
Add: Amount transferred from statement of profit and loss	120,064,004	17,803,255
Appropriations:		
Proposed dividend	(24,980,071)	-
Tax on proposed dividend	(4,245,363)	-
	266,251,547	175,412,976
Total	1,294,764,123	1,203,533,253

3.2.1 LONG-TERM BORROWINGS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Term loan (refer note 3.22)	-	4,625,178
Total	-	4,625,178

3.2.2 OTHER LONG-TERM LIABILITIES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Rent equalisation reserve	2,427,464	604,292
Rental deposit	2,021,179	2,077,205
Total	4,448,643	2,681,497

3.2.3 LONG-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Gratuity (refer note 3.3.4)	6,172,772	7,585,882
- Compensated absences	3,994,574	3,458,547
Total	10,167,346	11,044,429

3.3.1 TRADE PAYABLES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Due to Micro and Small enterprises (refer note 3.20)	-	-
Inter-company payables	14,794,844	9,730,400
Accrued expenses	10,772,303	8,525,390
Others	3,246,588	8,100,278
Total	28,813,735	26,356,068

3.3.2 OTHER CURRENT LIABILITIES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Unearned income	1,222,610	854,803
Unpaid dividends	129,226	322,476
Other liabilities		
- Current portion of long-term borrowing (refer note 3.22)	-	26,700,000
- Statutory liabilities	6,746,225	6,884,655
- Rent equalisation reserve	-	79,322
- Salary payable	1,824,667	1,542,518
Total	9,922,728	36,383,774

3.3.3 SHORT-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Compensated absences	699,759	725,883
- Bonus and incentives	21,751,748	6,988,793
Other provisions		
- Taxation	25,093,614	4,758,513
Proposed equity dividend	24,980,071	-
Tax on proposed equity dividend payable	4,245,363	-
Total	76,770,555	12,473,189

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 14,526,034 (previous year: Rs 13,812,440).

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, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Obligations at beginning of the year	14,659,660	10,642,518	8,031,700	7,401,745	7,297,187
Service cost	2,630,457	4,720,513	4,506,137	2,067,453	1,023,457
Interest cost	1,210,496	792,985	643,842	509,623	544,981
Benefits paid	(2,773,358)	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)
Actuarial (gain)/loss	(105,037)	(160,628)	(1,501,236)	87,062	(807,630)
Obligations at end of the year	15,622,218	14,659,660	10,642,518	8,031,700	7,401,745
Change in plan assets					
Plan assets at beginning of the year, at fair value	7,073,778	8,073,140	4,392,359	5,582,750	3,718,637
Expected return on plan assets	641,304	264,986	461,072	381,264	352,761
Actuarial gain/(loss)	(150,671)	71,383	57,634	62,249	129,612
Contributions	4,658,393	-	4,200,000	400,279	2,037,990
Benefits paid	(2,773,358)	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)
Plan assets at end of the year, at fair value	9,449,446	7,073,778	8,073,140	4,392,359	5,582,750
Reconciliation of present value of the obligation and the fair value of the plan assets					
Present value of the defined benefit obligations at the end of the year	15,622,218	14,659,660	10,642,518	8,031,700	7,401,745
Fair value of plan assets at the end of the year	(9,449,446)	(7,073,778)	(8,073,140)	(4,392,359)	(5,582,750)
Liability recognized in the balance sheet	6,172,772	7,585,882	2,569,378	3,639,341	1,818,995
Current liability (within 12 months)	-	-	-	-	-
Non current liability	6,172,772	7,585,882	2,569,378	3,639,341	1,818,995
Liability recognized in the balance sheet	6,172,772	7,585,882	2,569,378	3,639,341	1,818,995

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

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Gratuity cost					
Service cost	2,630,457	4,720,513	4,506,137	2,067,453	1,023,457
Interest cost	1,210,496	792,985	643,842	509,623	544,981
Expected return on plan assets	(641,304)	(264,986)	(461,072)	(381,264)	(352,761)
Actuarial (gain)/loss	45,634	(232,011)	(1,558,870)	24,813	(937,242)
Net gratuity cost	3,245,283	5,016,501	3,130,037	2,220,625	278,435
Assumptions					
Interest rate	9.12% p.a.	7.95% p.a.	8.57% p.a.	7.98% p.a.	7.82% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	10.00% p.a.	10.00% p.a.	11.00% p.a.	10.00% p.a.	6.00% p.a.
Attrition rate	19.00% p.a.	19.00% p.a.	20.00% p.a.	28.00% p.a.	20.00% p.a.
Retirement age	58 years	58 years	58 years	58 years	58 years

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

3.4.1 FIXED ASSETS

Amount in Rs.

Assets	Gross Block				Accumulated Depreciation			Net block	
	As at April 1, 2013	Additions during the year	Deletions during the year	As at March 31, 2014	As at April 1, 2013	Charge for the year	Deletions during the year	As at March 31, 2014	As at March 31, 2013
Tangible assets									
Computer equipment	32,664,418	19,781,003	14,201,812	38,243,609	30,153,035	2,027,730	14,002,458	20,065,302	2,511,383
Office equipment	13,199,833	2,892,912	3,190,959	12,901,786	9,379,049	1,333,835	2,358,256	4,547,158	3,820,784
Furniture and fixtures	12,121,036	1,016,155	562,875	12,574,316	9,725,637	601,468	55,102	2,302,313	2,395,399
Building-given under operating lease	10,156,520	-	-	10,156,520	2,327,043	165,099	-	7,664,378	7,829,477
Total (A)	68,141,807	23,690,070	17,955,646	73,876,231	51,584,764	4,128,132	16,415,816	39,297,080	16,557,043
Intangible assets, owned:									
Goodwill (arising on business acquisition)	7,000,000	-	-	7,000,000	7,000,000	-	-	7,000,000	-
Computer software	31,690,229	1,782,748	-	33,472,977	25,238,357	2,023,920	-	6,210,700	6,451,872
Total (B)	38,690,229	1,782,748	-	40,472,977	32,238,357	2,023,920	-	6,210,700	6,451,872
Total (A+B)	106,832,036	25,472,818	17,955,646	114,349,208	83,823,121	6,152,052	16,415,816	40,789,851	23,008,915
Previous year	106,719,751	8,076,427	7,964,142	106,832,036	86,919,661	4,694,732	7,791,272	83,823,121	23,008,915

3.4.2 NON-CURRENT INVESTMENTS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Trade investment		
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:

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
500 (previous year 500) common stock of BHD 100 par value of Mindteck Middle East SOC, 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:

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Fixed assets	-	(858,050)
	-	(858,050)
Deferred tax asset		
Fixed assets	451,238	-
Provision for doubtful debts	83,416	79,624
Compensated absences	1,595,604	1,518,118
Gratuity	2,098,125	2,461,239
Others	825,095	221,799
	5,053,478	4,280,780
Deferred tax assets (net)	5,053,478	3,422,730

3.4.4 LONG-TERM LOANS AND ADVANCES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured considered good)</i>		
Advance tax and tax deducted at source	27,328,465	27,397,144
Taxes paid under protest	22,900,000	7,900,000
Service tax input credit	46,301,543	46,021,053
Security deposits	44,920,553	44,189,903
<i>(Unsecured considered doubtful)</i>		
Security deposits	5,000,000	5,000,000
	146,450,561	130,508,100
Less: Provision for doubtful deposits	(5,000,000)	(5,000,000)
Total	141,450,561	125,508,100

3.4.5 OTHER NON-CURRENT ASSETS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured considered good)</i>		
Deposit Accounts with Bank		
Non current portion of bank deposit*	3,070,916	2,861,767
Total	3,070,916	2,861,767

*Represents restricted bank balances of Rs 3,070,916 (previous year: Rs 2,861,767). The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

3.5.1 TRADE RECEIVABLES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured)</i>		
Debts overdue for a period exceeding six months		
- Considered good	1,164,195	-
- Considered doubtful	245,413	245,413
Less: Provision for doubtful debts	(245,413)	(245,413)
	1,164,195	-
Other debts		
- Considered good	104,289,468	100,800,185
Total	105,453,663	100,800,185

3.5.2 CASH AND BANK BALANCES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalent		
Balances with banks		
- Current accounts	39,416,424	26,321,168
- Deposit accounts	60,821,032	-
Cash on hand	26,780	117,763
Other bank balances		
- Unpaid dividend account	129,226	326,666
Total	100,393,462	26,765,597

3.5.3 SHORT-TERM LOANS AND ADVANCES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured considered good)</i>		
Security deposits	309,536	11,608,518
Prepaid expenses	5,171,164	5,975,439
Service tax input credit	6,364,358	2,788,698
Employee advances	671,312	922,972
Supplier advances	2,867,035	-
Total	15,383,405	21,295,627

3.5.4 OTHER CURRENT ASSETS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Unbilled revenue (unsecured, considered good)	22,032,794	8,747,325
Claimable expenses	4,007,158	1,373,551
Recoverable from Mindteck Employees Gratuity Fund	2,631,222	-
Due from related parties [refer note 3.17(e)]	6,535,956	4,755,927
Total	35,207,130	14,876,803

3.6 OTHER INCOME

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest income	1,470,054	521,106
Foreign exchange gain, net	4,094,161	-
Rental income	2,088,456	2,088,456
Profit on sales of fixed assets, net	422,432	91,162
Provisions no longer required written back	-	1,166,161
Total	8,075,103	3,866,885

3.7 EMPLOYEE BENEFITS EXPENSE

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and wages	360,618,336	334,809,742
Contribution to provident and other funds	17,857,596	18,902,689
Staff welfare expenses	10,069,059	10,431,549
Total	388,544,991	364,143,980

3.8 FINANCE COSTS

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense	532,567	1,396,371
Bank charges	1,173,094	874,905
Total	1,705,661	2,271,276

3.9 OTHER EXPENSES

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent	57,539,242	48,356,747
Hiring charges	7,026,430	9,122,301
Travel expenses	13,651,102	20,097,341
Foreign exchange loss, net	-	11,903,910
Power and fuel	13,713,573	14,253,547
Communication expenses	8,336,570	7,621,291
Professional charges	13,300,249	15,843,769
Repairs and maintenance-building	105,877	-
Repairs and maintenance-others	15,216,772	14,188,218
Project supply and services	2,934,362	5,130,213
Rates and taxes	2,155,801	486,412
Insurance	1,092,150	1,644,251
Remuneration to auditors	2,607,191	2,189,176
Membership and subscription	2,702,641	1,791,189
Printing and stationery	1,106,444	1,276,051
Recruitment expenses	4,165,430	2,090,807
Provision for doubtful advances, net	-	5,000,000
Miscellaneous expenses	5,005,012	7,408,252
Total	150,658,846	168,403,475

3.10 CONTINGENT LIABILITIES AND COMMITMENTS

- Corporate Guarantee of Rs 119,726,000 i.e. USD 2 million (previous year: Rs 109,310,000 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 118,682,320 (previous year: Rs 84,826,398) 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.
- Company has utilised bank guarantee facilities of Rs 4,715,401 from Axis Bank against the bank guarantees provided to Customs and Excise Departments for STPI bonding facilities.

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

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Capital goods	33,168,840	17,966,987
Total	33,168,840	17,966,987

3.13 EXPENDITURE IN FOREIGN CURRENCY

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Travel expenses	9,010,220	14,847,873
Communication expenses	3,242,353	2,346,174
Cost of technical sub-contractors	3,269,528	-
Other Expenses (professional and other charges)	1,583,994	2,524,787
Membership and subscription	658,062	957,485
Project supply and services	5,943	11,089
Total	17,770,100	20,687,408

3.14 EARNINGS IN FOREIGN CURRENCY

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Export of software services	653,657,902	520,405,275
IT-enabled services	32,215,754	43,277,372
Total	685,873,656	563,682,647

3.15 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 trade receivables, 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, 2014	Software services	IT-enabled services	TOTAL
Revenues	716,114,858	42,285,629	758,400,487
Operating expenses, net	338,790,975	24,400,738	363,191,713
Segmental operating income	377,323,883	17,884,891	395,208,774
Unallocable expenses			207,486,347
Interest expense			1,705,661
Other income			8,075,103
Net profit before taxes			194,091,869
Income taxes			(74,027,865)
Net profit after taxes			120,064,004

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
Segmental operating income	200,327,485	22,067,742	222,395,227
Unallocable expenses			191,151,387
Interest expense			2,271,276
Other income			3,866,885
Net profit before taxes			32,839,449
Income taxes			(15,036,194)
Net profit after taxes			17,803,255

Segment assets

Amount in Rs.

Segment assets for the year ended March 31, 2014	Software services	IT-enabled services	TOTAL
Trade receivables	102,439,011	3,014,652	105,453,663
Unallocable	-	-	1,572,639,833
Total	102,439,011	3,014,652	1,678,093,496

Amount in Rs.

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

Geographical segments

Amount in Rs.

Revenue	Year ended March 31, 2014	Year ended March 31, 2013
USA	595,785,634	487,422,854
Europe	84,315,808	73,269,184
India	72,526,831	16,702,887
Rest of the world	5,772,214	2,990,609
Total	758,400,487	580,385,534

3.16 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, 2014 amounted to Rs 49,856,801 (previous year Rs 11,889,630).

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

Amount in Rs.

Minimum lease payments	As at March 31, 2014	As at March 31, 2013
Payable - not later than one year	50,358,399	48,153,002
Payable - later than one year and not later than five years	150,745,741	89,885,603

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, 2014 amounted to Rs 7,682,441 (previous year Rs 36,467,117).

3.17 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
Infotech Ventures Ltd. - Subsidiary of Intermediary holding company
Embtech Holdings Ltd., Mauritius - Holding company

(ii) Subsidiaries (including step subsidiaries)

Mindteck Inc., USA [formerly Infotech Consulting Inc.]
Mindteck Software Malaysia SDN. BHD, Malaysia
Mindteck Middle East Limited SOC, 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

Yusuf Lanewala	Managing Director (appointed w.e.f June 11, 2013)
Javed Gaya	Independent Director
Narayan Ambat Menon	Independent Director
Jagdish Malkani	Independent Director (appointed w.e.f August 8, 2013)
Dayananda Shetty	Executive Director (appointed w.e.f October 1, 2013)
Meenaz Dhanani	Executive Director (appointed w.e.f October 4, 2013)
Wayne Mitchell Berkowitz	Executive Director (resigned w.e.f June 11, 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-subsiidiaries)	
		For the year ended March 31, 2014	For the year ended March 31, 2013
(i)	Income from software and IT-enabled services:		
	Mindteck Inc., USA	595,785,634	487,422,854
	Mindteck UK Limited	84,315,808	73,269,184
	Mindteck Singapore Pte. Limited	3,169,032	1,393,636
	Mindteck Middle East Limited SOC	538,246	1,297,123
	Mindteck Software Malaysia SDN. BHD	2,064,936	299,850
	TOTAL	685,873,656	563,682,647
(ii)	Reimbursement of expenses incurred on behalf of:		
	Mindteck Inc., USA	16,948,117	26,949,095
	Mindteck UK Limited	3,520,716	6,048,703
	Mindteck Singapore Pte. Limited	1,083,303	1,274,036
	Mindteck Middle East Limited SOC	2,218,456	1,063,331
	Mindteck Software Malaysia SDN. BHD	1,425,249	1,436,432
	TOTAL	25,195,841	36,771,597
(iii)	Reimbursement of expenses incurred by:		
	Mindteck Inc., USA	9,864,503	12,924,183
	Mindteck UK Limited	274,782	-
	Mindteck Singapore Pte. Limited	-	235,515
	Mindteck Middle East Limited SOC	37,700	645,369
	Mindteck Software Malaysia SDN. BHD	-	61,851
	TOTAL	10,176,985	13,866,918

(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, 2014	For the year ended March 31, 2013
(i)	Remuneration to directors	5,504,604	-
(ii)	Directors' sitting fees	440,000	440,000

(e) The balances receivable from and payable to related parties as at March 31, 2014 are as follows:

Amount in Rs.

Sl. No.	Transaction/nature of relationship	Subsidiaries (including step-subsiidiaries)	
		As at March 31, 2014	As at March 31, 2013
(i)	Balance (due to)/due from:		
	A) Amounts receivable:		
	Mindteck Inc., USA	56,514,463	55,822,204
	Mindteck UK Limited	30,545,076	35,393,204
	Mindteck Singapore Pte. Limited	3,430,947	474,071
	Mindteck Middle East Limited SOC	-	744,937
	Mindteck Software Malaysia SDN. BHD	2,283,239	294,374
	TOTAL	92,773,725	92,728,790
	B) Advances:		
	Mindteck Inc., USA	588,274	675,429
	Mindteck UK Limited	130,806	316,548
	Mindteck Singapore Pte. Limited	1,120,862	471,964
	Mindteck Middle East Limited SOC	1,826,336	1,986,947
	Mindteck Software Malaysia SDN. BHD	2,869,678	1,305,039
	TOTAL	6,535,956	4,755,927
	C) Amounts payable:		
	Mindteck Inc., USA	14,022,965	9,300,087
	Mindteck UK Limited	262,248	-
	Mindteck Singapore Pte. Limited	142,315	127,803
	Mindteck Middle East Limited SOC	299,982	241,035
	Mindteck Software Malaysia SDN. BHD	67,334	61,475
	TOTAL	14,794,844	9,730,400

3.18 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Amount in Rs.

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	120,064,004	120,064,004	17,803,255	17,803,255
Shares				
Weighted average number of equity shares outstanding during the year	24,516,771	24,524,546	24,452,472	24,492,461
Weighted average number of equity shares resulting from assumed exercise of employee stock options	7,775	58,005	-	5,102
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	102,878	39,989	127,188
Weighted average number of equity shares for calculation of earnings per share	24,524,546	24,685,429	24,492,461	24,624,751

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.

3.19 AUDITOR'S REMUNERATION

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Audit fees	1,750,000	1,725,000
Tax audit fee	100,000	50,000
Other services	650,000	300,000
Reimbursement of expenses	107,191	114,176
Total	2,607,191	2,189,176

3.20 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, 2014 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, 2014	As at March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year:		
- Principal amount payable to suppliers	-	-
- Interest accrued on the above amount	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year		
- Amount of interest for delayed payment to suppliers actually paid during the year	-	-
- Amount of delayed payments actually made to suppliers during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

3.21 DERIVATIVE INSTRUMENTS

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Trade receivables for services rendered	59,031,531	USD 986,110	56,665,281	USD 1,036,781
	-	-	519,993	BHD 3,536
	-	-	1,881,581	EUR 26,852
	30,463,110	GBP 305,781	32,932,147	GBP 396,169
	303,969	MYR 16,560	294,374	MYR 16,560
	2,975,115	SGD 62,504	435,414	SGD 9,879
Advances recoverable	6,535,956	USD 109,182	4,755,927	USD 87,263
Trade payables for services availed	14,652,529	USD 244,768	9,602,598	USD 175,694
	142,315	SGD 2,990	127,803	SGD 2,899

3.22 LONG-TERM BORROWINGS

As at March 31, 2013, Mindteck (India) Limited had an outstanding term loan of Rs 31,325,178 to Axis Bank Ltd., repayable in 21 quarterly installments commencing April 1, 2013. The interest rate on the term loan facility was base rate plus 3.25% (base rate was 13.25%). The term loan facility with Axis Bank Ltd., was 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. During the year, the company repaid the term loan in full and the balance outstanding as at March 31, 2014 is Rs Nil.

3.23 Comparatives presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date attached

for B S R & Company

Chartered Accountants

Firm registration number: 128032W

Vineet Dhawan

Partner

Membership No. 092084

Place: Bengaluru

Date: May 29, 2014

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

Yusuf Lanewala

Chairman and Managing Director

Ramesh B V

Financial Controller

Place: Bengaluru

Date: May 29, 2014

Javed Gaya

Director

Shivarama Adiga S.

Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF MINDTECK (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 2014, the consolidated statement of profit and loss and consolidated cash flow 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 39.7 million as at 31 March 2014, the total revenue and other income of Rs 75 million and cash flows amounting to Rs 1.8 million 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 in those countries. 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 2014;
- (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 B S R & Company

Chartered Accountants

Firm Registration No. 128032W



Vineet Dhawan

Partner

Membership No. 092084

Place: Bengaluru

Date: May 29, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

Amount in Rs.

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3.1.1	245,640,710	245,167,710
Reserves and surplus	3.1.2	1,217,647,147	1,034,959,496
		1,463,287,857	1,280,127,206
Share application money pending allotment	3.1.1 (b)	7,565,656	7,565,656
Non-current liabilities			
Long-term borrowings	3.2.1	-	4,625,178
Other long-term liabilities	3.2.2	4,448,643	3,445,982
Long-term provisions	3.2.3	36,742,906	38,114,779
		41,191,549	46,185,939
Current liabilities			
Short-term borrowings	3.3.1	-	10,283,065
Trade payables	3.3.2	148,055,002	150,883,287
Other current liabilities	3.3.3	109,747,910	127,380,230
Short-term provisions	3.3.4	179,364,453	73,697,042
		437,167,365	362,243,624
		1,949,212,427	1,696,122,425
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	3.4.1	33,208,433	17,531,309
Intangible fixed assets	3.4.1	882,887,437	881,186,666
Deferred tax assets (net)	3.4.2	5,053,478	3,422,730
Long-term loans and advances	3.4.3	147,429,026	129,269,704
Other non-current assets	3.4.4	3,070,916	2,861,767
		1,071,649,290	1,034,272,176
Current assets			
Trade receivables	3.5.1	568,485,039	466,840,329
Cash and bank balances	3.5.2	153,950,371	77,075,129
Short-term loans and advances	3.5.3	22,646,843	27,364,724
Other current assets	3.5.4	132,480,884	90,570,067
		877,563,137	661,850,249
		1,949,212,427	1,696,122,425

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 B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Amount in Rs.

	Note	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations		3,288,123,572	2,643,173,478
Other income	3.6	9,440,832	14,488,426
Total revenues		3,297,564,404	2,657,661,904
Expenses			
Employee benefits expense	3.7	2,038,963,937	1,813,258,348
Cost of technical sub-contractors		675,575,965	495,158,034
Finance costs	3.8	4,858,822	4,957,890
Depreciation and amortization expense	3.4.1	8,925,960	10,780,199
Other expenses	3.9	283,921,715	308,305,880
Total expenses		3,012,246,399	2,632,460,351
Profit before tax		285,318,005	25,201,553
Tax expense			
Current tax		(87,578,841)	(12,861,289)
Deferred tax credit/(charge)		1,630,748	(1,744,635)
Tax relating to earlier years		(13,229,164)	-
Profit after tax		186,140,748	10,595,629
Earnings per equity share			
Equity shares of par value Rs.10/- each			
Basic		7.59	0.43
Diluted		7.54	0.43
Weighted average number of equity shares used in computing earnings per share			
Basic	3.14	24,524,546	24,492,461
Diluted	3.14	24,685,429	24,624,751
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 B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Amount in Rs.

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Profit before taxation	285,318,005	25,201,553
Adjustments:		
Depreciation and amortisation	8,925,960	10,780,199
Interest expense	1,583,243	2,480,057
Interest income	(1,475,082)	(525,912)
Unrealised exchange differences	560,048	2,489,157
Profit on sale of fixed assets	(422,432)	(81,152)
Provision no longer required written back	-	(10,095,407)
Provision for doubtful debts and advances	2,278,948	5,273,316
Operating profit before working capital changes	296,768,690	35,521,811
Changes in trade receivables	(59,323,077)	(109,618,116)
Changes in loans and advances and other assets	(48,339,006)	(47,088,165)
Changes in current liabilities and provisions	22,147,158	65,968,385
Cash generated from / (used in) operations before taxes	211,253,765	(55,216,085)
Income taxes paid, net	(67,529,769)	(2,135,906)
Net cash provided by/(used in) operating activities	143,723,996	(57,351,991)
Cash flow from investing activities		
Purchase of fixed assets	(27,446,881)	(10,436,588)
Proceeds from sale of fixed assets	1,962,262	272,210
Interest received	1,475,082	525,912
Net cash used in investing activities	(24,009,537)	(9,638,466)
Cash flow from financing activities		
Proceeds from issue of equity shares	865,300	-
Interest paid	(1,583,243)	(2,114,879)
Proceeds from term loans	-	31,325,178
Repayment of term loans	(31,325,178)	-
Proceeds from/(repayment of) short term borrowings, net	(10,283,065)	10,283,065
Dividends paid (including distribution tax)	(193,250)	-
Net cash (used in)/provided by financing activities	(42,519,436)	39,493,364
Net increase/(decrease) in cash and cash equivalents	77,195,023	(27,497,093)
Cash and cash equivalents at the beginning of the year	77,075,129	106,059,549
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(319,781)	(1,487,327)
Cash and cash equivalents at the end of the year*	153,950,371	77,075,129

Cash and cash equivalents at the end of the year include unpaid dividend account aggregating to Rs 129,226 (previous year Rs 326,666).

* Refer note 3.5.2

As per our report of even date attached

for B S R & Company

Chartered Accountants

Firm registration number: 128032W

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

Vineet Dhawan

Partner

Membership No. 092084

Yusuf Lanewala

Chairman and Managing Director

Javed Gaya

Director

Ramesh B V

Financial Controller

Shivarama Adiga S.

Company Secretary

Place: Bengaluru

Date: May 29, 2014

Place: Bengaluru

Date: May 29, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 centres located in the United States, India and Singapore and has twelve 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, 2014

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 SOC, 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f. September 12, 2013), other pronouncements of the Institute of Chartered Accountants of India ('ICAI') and the guidelines issued by Securities and Exchange Board of India ('SEBI').

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of 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 the resultant 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	3 to 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 statement of profit and loss.

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 statement of profit and loss 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 statement of profit and loss. 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 dilutive earnings per share, potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

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

2.12 Impairment of assets

The Group assesses, at each balance sheet date, whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an

asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. 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 straight line 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 STATEMENTS

3.1.1 SHARE CAPITAL

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised		
Equity shares		
28,000,000 (previous year 28,000,000) equity shares of Rs 10 each	280,000,000	280,000,000
Preference shares		
500,000 (previous year 500,000) cumulative, non-convertible, redeemable preference shares of Rs 100 each	50,000,000	50,000,000
	330,000,000	330,000,000
Issued, subscribed and paid-up capital		
Equity shares		
24,980,071 (previous year 24,932,771) equity shares of Rs 10 each fully paid-up	249,800,710	249,327,710
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)	(4,160,000)	(4,160,000)
	245,640,710	245,167,710

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: 102,878 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.

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, 2014		As at March 31, 2013	
	Numbers	Amount	Numbers	Amount
Equity Shares				
Number of shares outstanding at the beginning of the year (after reduction of equity shares held by Mindteck Employees Welfare Trust)	24,516,771	245,167,710	24,452,472	244,524,720
Add: shares issued from the shares reserved for issuance (refer note 3.1.1 (b) above)	-	-	64,299	642,990
Add: shares issued during the year on exercise of employee stock options/ restricted shares	47,300	473,000	-	-
Number of shares outstanding at the end of the year	24,564,071	245,640,710	24,516,771	245,167,710

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.

The Board of Directors at its meeting held on May 29, 2014 have recommended dividend of 10% (Rs 1 per equity share of par value Rs 10 each) for the year ended March 31, 2014.

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, 2014	As at March 31, 2013
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:

S.No.	Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
		No. of shares	%	No. of shares	%
1	Embtech Holdings Limited	16,169,857	64.73%	16,169,857	64.85%
2	Banco Efisa S.A	-	-	2,726,668	10.94%
3	First Asian Investments S.A	1,390,569	5.57%	-	-

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, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Class of shares	Equity	Equity	Equity	Equity	Equity
No of shares	-	-	-	100,000	3,069,944

The Company had issued 7,800,000 equity shares in the year ended March 31, 2008, 3,069,944 equity shares in the year ended March 31, 2009 and 100,000 equity shares in the year ended March 31, 2010 totalling to 10,969,944 equity shares of Rs 10 each and 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

a) *Employee Share Incentive Scheme 2000*

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

b) *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, 2014, the Company has granted 69,300 options on November 12, 2013 at an exercise price of Rs 13.55 per share.

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	349,200	19.02	406,700	23.86
Granted during the year	69,300	13.55	96,600	16.70
Exercised during the year on exercise of employee stock options/ restricted shares	47,300	18.29	-	-
Forfeited during the year	147,000	18.50	45,900	50.55
Lapsed during the year	10,200	31.00	108,200	21.76
Options outstanding at the end of the year	214,000	17.20	349,200	19.02
Options exercisable at the end of the year	91,733	18.85	99,400	21.41

The weighted average remaining contractual life of the options outstanding as at March 31, 2014 is 5.13 years (previous year 5.47 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, 2014 would have been Rs 185,965,577 (previous year profit of Rs 10,146,371) i.e. lower by Rs 175,171 (previous year profit lower by Rs 449,258) and the basic and diluted EPS for the year would have been Rs 7.58 and Rs 7.53 (previous year Rs 0.41 and Rs 0.41 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.

c) 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, 2014	As at March 31, 2013
Capital reserve	86,726,769	86,726,769
Securities premium reserve		
Opening balance	1,028,670,342	1,024,584,784
Less: Premium on equity shares held by the Mindteck Employees Welfare Trust [refer note 3.1.1(a)]	(36,240,000)	(36,240,000)
	992,430,342	988,344,784
Add: Additions during the year on exercise of employee stock options/restricted shares	392,300	-
Add: Additions during the period on issue of shares from shares reserved for issuance [refer note 3.1.1(b)]	-	4,085,558
	992,822,642	992,430,342
Surplus (Balance in the statement of profit and loss)		
Opening balance	75,619,200	65,023,571
Add: Amount transferred from statement of profit and loss	186,140,748	10,595,629
Dividend proposed	(24,980,071)	-
Dividend distribution tax	(4,245,363)	-
	232,534,514	75,619,200
Foreign currency translation reserve		
Opening balance	31,668,192	18,869,283
Additions during the period	25,380,037	12,798,909
	57,048,229	31,668,192
Adjustment on amalgamation of foreign subsidiaries		
[Pursuant to the amalgamation of ISS Consultants Inc. into its parent, Mindteck (USA) Inc. which was effective May 31, 2007, in accordance with AS-14 'Accounting for Amalgamations', goodwill was adjusted with revenue reserves. Mindteck (USA) Inc. was subsequently merged with Mindteck Inc.]	(151,485,007)	(151,485,007)
Total	1,217,647,147	1,034,959,496

3.2.1 LONG-TERM BORROWINGS

		Amount in Rs.
Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Term loan (refer note 3.17)	-	4,625,178
Total	-	4,625,178

3.2.2 OTHER LONG-TERM LIABILITIES

		Amount in Rs.
Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Rent equalisation reserve	2,427,464	1,368,777
Rental deposit	2,021,179	2,077,205
Total	4,448,643	3,445,982

3.2.3 LONG-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Gratuity (Refer note 3.3.5)	6,172,772	7,585,882
- Compensated absences	30,570,134	30,528,897
Total	36,742,906	38,114,779

3.3.1 SHORT-TERM BORROWINGS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
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, 2014	As at March 31, 2013
Due to Micro and Small enterprises (refer note 3.19)	-	-
Accrued expenses	56,677,367	35,629,259
Others	91,377,635	115,254,028
Total	148,055,002	150,883,287

3.3.3 OTHER CURRENT LIABILITIES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Unearned income	2,685,527	6,944,945
Unpaid dividends	129,226	322,476
Other liabilities		
- Current portion of long-term borrowing (refer note 3.17)	-	26,700,000
- Statutory liabilities	38,590,178	31,191,423
- Rent equalisation reserve	-	1,002,982
- Salary payable	68,342,979	61,218,404
Total	109,747,910	127,380,230

3.3.4 SHORT-TERM PROVISIONS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
- Compensated absences	1,910,488	3,040,796
- Bonus and incentives	41,313,881	12,436,011
Other provisions		
- Taxation	106,914,650	58,220,235
Proposed equity dividend	24,980,071	-
Tax on proposed equity dividend payable	4,245,363	-
Total	179,364,453	73,697,042

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 14,526,034 (previous year: Rs 13,812,440).

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.

Amount in Rs.					
Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Obligations at beginning of the year	14,659,660	10,642,518	8,031,700	7,401,745	7,297,187
Service cost	2,630,457	4,720,513	4,506,137	2,067,453	1,023,457
Interest cost	1,210,496	792,985	643,842	509,623	544,981
Benefits paid	(2,773,358)	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)
Actuarial (gain)/loss	(105,037)	(160,628)	(1,501,236)	87,062	(807,630)
Obligations at end of the year	15,622,218	14,659,660	10,642,518	8,031,700	7,401,745
Change in plan assets					
Plan assets at beginning of the year, at fair value	7,073,778	8,073,140	4,392,359	5,582,750	3,718,637
Expected return on plan assets	641,304	264,986	461,072	381,264	352,761
Actuarial gain/(loss)	(150,671)	71,383	57,634	62,249	129,612
Contributions	4,658,393	-	4,200,000	400,279	2,037,990
Benefits paid	(2,773,358)	(1,335,731)	(1,037,925)	(2,034,183)	(656,250)
Plan assets at end of the year, at fair value	9,449,446	7,073,778	8,073,140	4,392,359	5,582,750
Reconciliation of present value of the obligation and the fair value of the plan assets					
Present value of the defined benefit obligations at the end of the year	15,622,218	14,659,660	10,642,518	8,031,700	7,401,745
Fair value of plan assets at the end of the year	(9,449,446)	(7,073,778)	(8,073,140)	(4,392,359)	(5,582,750)
Liability recognized in the balance sheet	6,172,772	7,585,882	2,569,378	3,639,341	1,818,995

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

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Gratuity cost					
Service cost	2,630,457	4,720,513	4,506,137	2,067,453	1,023,457
Interest cost	1,210,496	792,985	643,842	509,623	544,981
Expected return on plan assets	(641,304)	(264,986)	(461,072)	(381,264)	(352,761)
Actuarial (gain)/loss	45,634	(232,011)	(1,558,870)	24,813	(937,242)
Net gratuity cost	3,245,283	5,016,501	3,130,037	2,220,625	278,435
Assumptions					
Interest rate	9.12% p.a.	7.95% p.a.	8.57% p.a.	7.98% p.a.	7.82% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
Expected rate of salary increase	10.00% p.a.	10.00% p.a.	11.00% p.a.	10.00% p.a.	6.00% p.a.
Attrition rate	19.00% p.a.	19.00% p.a.	20.00% p.a.	28.00% p.a.	20.00% p.a.
Retirement age	58 years	58 years	58 years	58 years	58 years

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

3.4.1 FIXED ASSETS

Assets	Gross Block				Accumulated Depreciation				Net block	
	As at April 1, 2013	Additions/ Adjustments during the year^	Deletions/ Adjustments during the year	As at March 31, 2014	As at April 1, 2013	Charge for the year	Deletions/ Adjustments during the year^	As at March 31, 2014	As at March 31, 2013	
Tangible assets										
Computer equipment	52,931,588	21,992,263	14,201,812	60,722,039	52,559,464	2,580,030	11,877,775	43,261,719	17,460,320	372,124
Office equipment	14,185,632	3,012,257	3,191,106	14,006,783	10,111,380	1,550,961	2,286,290	9,376,051	4,630,732	4,074,252
Furniture and fixtures	34,973,859	3,268,902	562,875	37,679,886	29,881,025	2,461,103	(1,918,840)	34,260,968	3,418,918	5,092,834
Vehicles	882,222	96,330	-	978,552	719,600	144,847	(80,020)	944,467	34,085	162,622
Building-given under operating lease	10,156,520	-	-	10,156,520	2,327,043	165,099	-	2,492,142	7,664,378	7,829,477
Total (A)	113,129,821	28,369,752	17,955,793	123,543,780	95,598,512	6,902,040	12,165,205	90,335,347	33,208,433	17,531,309
Intangible assets, owned:										
Goodwill (arising on business acquisition)	878,692,969	1,885,530	-	880,578,499	7,000,000	-	-	7,000,000	873,578,499	871,692,969
Computer software	39,235,004	2,437,236	-	41,672,240	29,741,307	2,023,920	(598,075)	32,363,302	9,308,938	9,493,697
Total (B)	917,927,973	4,322,766	-	922,250,739	36,741,307	2,023,920	(598,075)	39,363,302	882,887,437	881,186,666
Total (A+B)	1,031,057,794	32,692,518	17,955,793	1,045,794,519	132,339,819	8,925,960	11,567,130	129,698,649	916,095,870	898,717,975
Previous year	1,027,001,466	12,920,693	8,864,365	1,031,057,794	128,245,765	10,780,199	6,686,145	132,339,819	898,717,975	

[^] 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'

3.4.2 DEFERRED TAX ASSETS (NET)

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

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Fixed assets	-	(858,050)
	-	(858,050)
Deferred tax asset		
Fixed assets	451,238	-
Provision for doubtful debts	83,416	79,624
Provision for expenses	825,095	221,799
Compensated absences	1,595,604	1,518,118
Gratuity	2,098,125	2,461,239
	5,053,478	4,280,780
Deferred tax assets (net)	5,053,478	3,422,730

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

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured considered good)</i>		
Advance tax and tax deducted at source (net of provision for income tax)	29,540,062	29,123,883
Taxes paid under protest	22,900,000	7,900,000
Service tax input credit	46,301,543	46,021,053
Security deposits	48,687,421	46,224,768
<i>(Unsecured considered doubtful)</i>		
Security deposits	5,000,000	5,000,000
	152,429,026	134,269,704
Less: Provision for doubtful deposits	(5,000,000)	(5,000,000)
Total	147,429,026	129,269,704

3.4.4 OTHER NON-CURRENT ASSETS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured, considered good)</i>		
Deposit Accounts with Bank*	3,070,916	2,861,767
Total	3,070,916	2,861,767

* Represents restricted bank balances of Rs 3,070,916 (previous year: Rs 2,861,767). The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

3.5.1 TRADE RECEIVABLES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured)</i>		
Debts overdue for a period exceeding six months		
- Considered good	2,747,914	-
- Considered doubtful	9,129,269	6,185,339
Less: Provision for doubtful debts	(9,129,269)	(6,185,339)
	2,747,914	-
Other debts		
- Considered good	565,737,125	466,840,329
Total	568,485,039	466,840,329

3.5.2 CASH AND BANK BALANCES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalent		
Balances with banks		
- Current accounts	90,762,392	74,741,545
- Deposit accounts	62,848,907	1,691,079
Cash on hand	209,846	315,839
Other bank balances		
- Unpaid dividend account	129,226	326,666
Total	153,950,371	77,075,129

3.5.3 SHORT-TERM LOANS AND ADVANCES

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
<i>(Unsecured considered good)</i>		
Security deposits	309,536	12,188,134
Prepaid expenses	11,380,984	9,901,726
Service tax input credit	6,364,358	2,788,698
Employee advances	1,661,528	2,433,192
Supplier advances	2,930,437	52,974
Total	22,646,843	27,364,724

3.5.4 OTHER CURRENT ASSETS

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Unbilled revenue	124,995,137	88,587,580
Claimable expenses	4,854,525	1,982,487
Recoverable from Mindteck Employees Gratuity Fund	2,631,222	-
Total	132,480,884	90,570,067

3.6 OTHER INCOME

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest income	1,475,082	525,912
Foreign exchange gain, net	3,333,493	-
Rental income	2,088,456	2,088,456
Profit on sale of fixed assets, net	422,432	81,152
Provisions no longer required written back	-	10,095,407
Other non-operating income	2,121,369	1,697,499
Total	9,440,832	14,488,426

3.7 EMPLOYEE BENEFITS EXPENSE

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and wages	1,838,304,587	1,626,853,890
Contribution to provident and other funds	124,388,764	119,134,761
Staff welfare expenses	76,270,586	67,269,697
Total	2,038,963,937	1,813,258,348

3.8 FINANCE COSTS

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense	1,583,243	2,480,057
Bank charges	3,275,579	2,477,833
Total	4,858,822	4,957,890

3.9 OTHER EXPENSES

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent	82,011,517	71,202,024
Hiring charges	7,060,627	9,501,095
Travel expenses	40,405,020	55,559,966
Foreign exchange loss, net	-	13,855,913
Power and fuel	14,012,754	14,567,763
Communication expenses	20,178,555	19,171,332
Professional charges	48,072,985	54,139,436
Repairs and maintenance-building	105,877	-
Repairs and maintenance-others	17,689,593	16,357,510
Project supply and services	2,947,886	5,130,213
Rates and taxes	4,549,506	2,534,761
Insurance	3,370,375	3,704,504
Remuneration to auditors	4,464,382	3,614,176
Membership and subscription	22,649,636	19,490,850
Printing and stationery	2,111,179	2,504,836
Recruitment expenses	6,171,487	3,053,950
Provision for doubtful advances, net	-	5,000,000
Provision for doubtful debts, net	2,278,948	273,316
Miscellaneous expenses	5,841,388	8,644,235
Total	283,921,715	308,305,880

3.10 CONTINGENT LIABILITIES AND COMMITMENTS

- Corporate Guarantee of Rs 119,726,000 i.e. USD 2 million (previous year: Rs 109,310,000 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 118,682,320 (previous year: Rs 84,826,398) 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.
- Company has utilised bank guarantee facilities of Rs 4,715,401 from Axis Bank against the bank guarantees provided to Customs and Excise Departments for STPI bonding facilities.

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, 2014	Year ended March 31, 2013
USA	2,646,364,244	2,199,521,002
India	72,526,831	16,702,887
Rest of the world	569,232,497	426,949,589
Total	3,288,123,572	2,643,173,478

Carrying amount of segment assets by location of assets	As at March 31, 2014	As at March 31, 2013
USA	559,585,935	452,524,436
India	332,007,470	189,323,353
Rest of the world	184,040,523	182,581,667
Unallocated corporate asset - Goodwill on consolidation	873,578,499	871,692,969
Total	1,949,212,427	1,696,122,425

Cost to acquire tangible and intangible fixed assets by location of assets	Year ended March 31, 2014	Year ended March 31, 2013
USA	3,473,498	245,002
India	25,472,818	8,076,427
Rest of the world	3,746,202	4,599,264
Total	32,692,518	12,920,693

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, 2014 amounted to Rs 65,847,002 (previous year Rs 27,362,501).

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

Amount in Rs.

Minimum lease payments	As at March 31, 2014	As at March 31, 2013
Payable - not later than one year	64,523,335	61,514,803
Payable - later than one year and not later than five years	151,756,468	99,784,990

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, 2014 was Rs 16,164,515 (previous year Rs 43,839,523).

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

Yusuf Lanewala	Managing Director (appointed w.e.f June 11, 2013)
Javed Gaya	Independent Director
Narayan Ambat Menon	Independent Director
Jagdish Malkani	Independent Director (appointed w.e.f August 8, 2013)
Dayananda Shetty	Executive Director (appointed w.e.f October 1, 2013)
Meenaz Dhanani	Executive Director (appointed w.e.f October 4, 2013)
Wayne Mitchell Berkowitz	Executive Director (resigned w.e.f June 11, 2013)

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

Amount in Rs.

Nature of transaction	For the year ended March 31, 2014	For the year ended March 31, 2013
(i) Remuneration to key managerial personnel		
-Yusuf Lanewala	3,434,023	-
-Dayananda Shetty	2,070,581	-
-Meenaz Dhanani	5,543,255	-
-Wayne Mitchell Berkowitz	2,196,070	13,637,357
(ii) Directors' sitting fees	440,000	440,000

The balances receivable from and payable to related parties as at March 31, 2014 and as at March 31, 2013 are Nil.

3.14 EARNINGS PER SHARE ('EPS')

The computation of earnings per share is set out below:

Amount in Rs.

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after taxation (Rs)	186,140,748	186,140,748	10,595,629	10,595,629
Shares				
Weighted average number of equity shares outstanding during the year	24,516,771	24,524,546	24,452,472	24,492,461
Weighted average number of equity shares resulting from assumed exercise of employee stock options	7,775	58,005	-	5,102
Weighted average number of equity shares resulting from equity shares reserved for issuance	-	102,878	39,989	127,188
Weighted average number of equity shares for calculation of earnings per share	24,524,546	24,685,429	24,492,461	24,624,751

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

Amount in Rs.

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Audit fees	2,150,000	2,100,000
Tax audit fee	100,000	50,000
Other services	2,000,000	1,350,000
Reimbursement of expenses	214,382	114,176
Total	4,464,382	3,614,176

3.16 DERIVATIVE INSTRUMENTS

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Amount (Rs.)	Amount (Foreign currency)	Amount (Rs.)	Amount (Foreign currency)
Trade receivables for services rendered	510,477	EUR 6,200	1,126,950	EUR 16,065
	698,631	CHF 10,348	-	-
	4,199,137	USD 70,146	426,631	USD 7,795
Trade payables for services availed	1,750,726	EUR 21,260	1,803,963	EUR 25,716

3.17 LONG-TERM BORROWINGS

As at March 31, 2013, Mindteck (India) Limited had an outstanding term loan of Rs 31,325,178 to Axis Bank Ltd., repayable in 21 quarterly installments commencing April 1, 2013. The interest rate on the term loan facility was base rate plus 3.25% (base rate was 13.25%). The term loan facility with Axis Bank Ltd., was 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. During the year, the company repaid the term loan in full and the balance outstanding as at March 31, 2014 is Rs Nil.

3.18 SHORT-TERM FINANCING

As at March 31, 2013, certain specified trade accounts receivables amounting to Rs 6,146,129 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% per annum above the prime lending rate in Singapore. The receivable purchase facility with the financial institution was with recourse and accordingly the factoring liability and the underlying receivables had been disclosed on a gross basis in these consolidated financial statements. The outstanding balance as at March 31, 2014 is Rs Nil.

As at March 31, 2013, Mindteck Inc., had availed line of credit of Rs 4,136,936 from Citizens Bank, United States of America. The interest rate was 2%. The line of credit was secured by first place lien on all accounts receivable and business assets of the borrower and corporate guarantee issued by Mindteck (India) Limited. The outstanding balance as at March 31, 2014 is Rs Nil.

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, 2014 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, 2014	As at March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year:		
- Principal amount payable to suppliers	-	-
- Interest accrued on the above amount	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year		
- Amount of interest for delayed payment to suppliers actually paid during the year	-	-
- Amount of delayed payments actually made to suppliers during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

3.20 Comparatives presented have been regrouped, where necessary, to conform to the current year's classification.

As per our report of even date attached
for B S R & Company
 Chartered Accountants
 Firm registration number: 128032W

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

Vineet Dhawan
Partner
 Membership No. 092084

Yusuf Lanewala
Chairman and Managing Director

Javed Gaya
Director

Ramesh B V
Financial Controller

Shivarama Adiga S.
Company Secretary

Place: Bengaluru
 Date: May 29, 2014

Place: Bengaluru
 Date: May 29, 2014

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 SOC	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 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014
3 Date from which it became a subsidiary	1st February 2008	12th July 2005	22nd December 2005	1st April 2008	1st April 2008	1st April 2008	1st April 2008	17th October 2008
4 Shares of the subsidiary held by the company on the above date								
a) Number and Face Value	19,000 Shares of USD 1 each (Note 1)	500 Shares of BD 100 each	250,000 Shares of RM 1 each	1,310,500 Share of SD 1 each	968,408 shares of GBP 1 each	2 Shares of USD 1 each	25,000 Shares of Euro 1 each (Note 2)	180 Share of Euros 100 each (Note 2)
b) 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 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Not dealt with the accounts of the company for the year ended 31st March 2014	Profit 446.59	Profit 45.26	Profit 42.51	Profit 20.87	Profit 103.68	Nil	Profit 61.83	Loss 0.60
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 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the accounts of the company for the year ended 31st March 2014	Loss 1,739.68	Profit 119.35	Profit 139.13	Loss 62.99	Profit 271.93	Nil	Profit 68.57	Loss 16.20
7 Conversion rates used for translating the								
a) Statemnet of Profit and Loss	60.43	161.48	18.91	48.01	96.16	60.43	81.06	81.06
b) Balance Sheet	59.86	163.09	18.36	47.60	99.62	59.86	82.34	82.34
Note 1:	Includes shares held through Chendle Holdings Ltd.							
Note 2:	Shares held through Mindteck UK Ltd							

for Mindteck (India) Limited,

Yusuf Lanewala
Chairman and Managing Director

Javed Gaya
Director

Ramesh B V
Financial Controller

Shivarama Adiga S.
Company Secretary

Place : Bengaluru
Date : May 29, 2014

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	(1,345.63)	5,919.28	5,919.28	Nil	26,761.02	650.74	204.15	446.59	Nil
Mindteck Middle East Ltd SOC	57.51	(3.62)	210.56	210.56	Nil	627.22	45.26	Nil	45.26	Nil
Mindteck Software Malaysia SDN. BDH	30.16	139.13	382.97	382.97	Nil	686.13	42.51	Nil	42.51	Nil
Mindteck Singapore Pte. Ltd.	380.47	50.29	827.30	827.30	Nil	1,939.52	20.87	Nil	20.87	Nil
Mindteck UK Ltd.	772.07	(610.63)	665.36	665.36	26.63	2,226.81	103.68	Nil	103.68	Nil
Chendle Holdings Ltd.	0.00	-	200.30	200.30	200.30	Nil	Nil	Nil	Nil	Nil
Mindteck Germany GmbH	16.22	68.57	188.87	188.87	Nil	747.94	109.17	47.34	61.83	Nil
Mindteck Netherlands B.V.	10.41	(16.20)	1.17	1.17	Nil	Nil	(0.60)	Nil	(0.60)	Nil

for Mindteck (India) Limited,**Yusuf Lanewala***Chairman and Managing Director***Javed Gaya***Director***Ramesh B V***Financial Controller***Shivarama Adiga S.***Company Secretary*

Place : Bengaluru

Date : May 29, 2014

Dear Shareholder,

Green Initiative

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

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

You are requested to register/update changes of your e-mail address with your depository participant or with Universal Capital Securities Pvt. Ltd., our STA (mindteck.investors@uniseq.in) or to the company (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 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.**

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	31.03.2014

II Capital Raised during the year

	(Amount in Thousands)
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placements	Nil

III Position of Mobilization and Deployment of Funds

	(Amount in Thousands)
Total Liabilities	1,678,093
Total Assets	1,678,093
Equity and liabilities	
Paid up Capital	245,641
Equity shares reserve for issuance	7,566
Reserves & Surplus	1,294,764
Long-term borrowings	-
Other long-term liabilities	4,448
Long-term provisions	10,167
Trade payables	28,814
Other current liabilities	9,923
Short-term provisions	76,770
Assets	
Fixed Assets	40,790
Non-current investments	1,231,291
Deferred tax assets (net)	5,053
Long-term loans and advances	141,451
Other non-current assets	3,071
Trade receivables	105,454
Cash and bank balances	100,393
Short-term loans and advances	15,383
Other current assets	35,207

IV Performance of the Company

Turnover	758,400
Total Expenditure	572,384
Profit Before Tax	194,092
Profit After Tax	120,064
Earnings per Share (Rs.)	4.90
Dividend Rate	10%

V Generic Name of Principle product/services of the Company

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

for Mindteck (India) Limited,

Yusuf Lanewala
Chairman and Managing Director

Javed Gaya
Director

Ramesh B V
Financial Controller

Shivarama Adiga S.
Company Secretary

Place : Bengaluru
Date : May 29, 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY-THIRD ANNUAL GENERAL MEETING of the Members of Mindteck (India) Limited will be held on Thursday, August 14, 2014 at 11:00 A.M. in 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, 2014 and the Profit and Loss Account for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend of Re. 1 per Equity Share for the year ended March 31, 2014.
3. To appoint a Director in place of Mr. Yusuf Lanewala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the fourth consecutive Annual General Meeting (i.e., AGM of F.Y. 2016-17) and to fix their remuneration and to pass the following resolution.

"RESOLVED THAT Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made there under, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s B S R & Company, Chartered Accountants [Firm Registration No. 128032W] be and are hereby re-appointed as auditors to hold office from the conclusion of this meeting until the conclusion of the fourth consecutive Annual General Meeting (i.e., AGM of F.Y. 2016-17) of the Company subject to ratification of the appointment by the members at every AGM held after this AGM and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee. "

AS SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Article 132 of Articles of Association of Company and the provisions of Sections 196, 197 read with Schedule V of Companies Act, 2013 and all other applicable Acts, Rules and Regulation (including any statutory modifications or re-enactment thereof for the time being in force), Listing Agreement and subject to such statutory approvals, terms and conditions as may be stipulated by the members in the general meeting, the Consent of the members, be and is hereby accorded for the payment of remuneration of Rs. 34,00,000 (Thirty Four Lakhs only) per annum and other benefits as per the Company Policy to Mr. Dayananda Shetty (DIN 01242646), as an Executive Director of the Company on the terms and conditions as set out in the Employment Agreement and as recommended by the Nomination and Remuneration Committee of the Board, and agreed upon between the Board of Directors and the Executive Director with the authority to the Board of Directors to alter and vary the terms and conditions so as not to exceed the limits specified

in the Companies Act, 2013 including any statutory modifications or re-enactment thereof as the case may be for a period of three years with effect from October 01, 2013, subject to confirmation with all regulatory guidelines and applicable laws including any statutory modification and re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the payment of remuneration of Rs. 34,00,000 to Mr. Dayananda Shetty, be increased by 15% effective from April 01, 2014 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors subject to the provisions of 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 the 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 Executive Director."

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

"RESOLVED THAT Mr. Meenaz Dhanani appointed as an Additional Director under Article 114(a) of Articles of Association of the Company and section 161(1) of the Companies Act, 2013 by the Board on October 04, 2013 and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act, 2013, from a member signifying his intention to propose Mr. Meenaz Dhanani (DIN 06705048), as a candidate for the office of the Director of the Company, pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and Articles of Association of the company, Mr. Meenaz Dhanani be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to Article 132 of Articles of Association of Company and the provisions of Sections 196, 197 read with Schedule V of Companies Act, 2013 and all other applicable Acts, Rules and Regulation (including any statutory modifications or re-enactment thereof for the time being in force), Listing Agreement and subject to such statutory approvals, terms and conditions as may be stipulated by the members in the general meeting and the Central Government while granting approvals in that behalf, the Consent of the Members, be and is hereby accorded for the appointment of Mr. Meenaz Dhanani (DIN 06705048), a Non-Resident as an Executive Director of the Company from October 04, 2013, for a period of three years subject to conditions specified in Part I (e) of Schedule V of the Companies Act, 2013 on the terms and conditions without any payment of remuneration by the Holding Company as remuneration is directly paid by Company's wholly owned subsidiary, Mindteck Inc., US as stipulated in

employment agreement and as recommended by the Nomination and Remuneration Committee of the Board, and agreed upon between the Board of Directors and Mr. Meenaz Dhanani with the authority to the Board of Directors to alter and vary the terms and conditions of the said appointee."

"RESOLVED FURTHER THAT any Director or the Company Secretary be and are hereby severally authorized to take such steps, actions and do things, deeds, matters including the filing of necessary forms with Ministry of Corporate Affairs and intimation to Bombay Stock Exchange as may be required or are necessary so as to give proper effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149,152,196,197 and 203 read with Schedule V of Companies Act, 2013, Article 131 of Articles of Association of Company, all other applicable provisions of the said Act (including any statutory amendments, modifications or re-enactment thereof for the time being in force) and Listing Agreement the re-appointment of Mr. Yusuf Lanewala (DIN 01770426), as Managing Director & CEO of the Company effective from April 01, 2014, for a period of three years be and is hereby approved on such terms and conditions including the payment of remuneration of Rs. 70,00,000 (Seventy Lakhs only) per annum and 200,000 (Two Lakhs Only) ESOPs under Mindteck Employees Stock Options Scheme 2008 and other benefits as per the Company Policy as recommended by the Nomination and Remuneration Committee of the Board, and agreed upon between the Board of Directors and the Managing Director & CEO with the authority to the Board of Directors to alter and vary the terms and conditions including remuneration of the Managing Director & CEO so as not to exceed the limits specified in the Companies Act, 2013 including any statutory modifications or re-enactment thereof as the case may be."

"RESOLVED FURTHER THAT the aforesaid remuneration shall be deemed to be minimum remuneration payable to Mr. Yusuf Lanewala as the Managing Director & CEO in the event of inadequacy of profit.

"RESOLVED FURTHER THAT any Director or the Company Secretary be and are hereby severally authorized to take such steps, actions and do things, deeds, matters including the filing of necessary forms with Ministry of Corporate Affairs and intimation to Bombay Stock Exchange as may be required or are necessary so as to give proper effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 149,150,152, Schedule IV of the Companies Act, 2013 (Act) and the Listing Agreement as amended from time to time, in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Act, from a member signifying his intention to propose Mr.

Javed Gaya (DIN 01481518), an existing Independent Director of the Company, already completed five years, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director for the term of five years from the conclusion of this meeting i.e. August 14, 2014 up to August 13, 2019."

"RESOLVED FURTHER THAT any Director or the Company Secretary be and are hereby severally authorized to take such steps, actions and do things, deeds, matters including the filing of necessary forms with Ministry of Corporate Affairs and intimation to Bombay Stock Exchange as may be required or are necessary so as to give proper effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 149,150,152, Schedule IV of the Companies Act, 2013 (Act) and Listing Agreement as amended from time to time, in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Act, from a member signifying his intention to propose Mr. Narayan A Menon (DIN 03632883), an existing Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director for the term of five years from the conclusion of this meeting i.e. August 14, 2014 up to August 13, 2019."

"RESOLVED FURTHER THAT any Director or the Company Secretary be and are hereby severally authorized to take such steps, actions and do things, deeds, matters including the filing of necessary forms with Ministry of Corporate Affairs and intimation to Bombay Stock Exchange as may be required or are necessary so as to give proper effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 149,150,152, Schedule IV of the Companies Act, 2013 (Act) and the Listing Agreement as amended from time to time, in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Act, from a member signifying his intention to propose Mr. Jagdish Malkani (DIN 00326173), an existing Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent director for the term of five years from the conclusion of this meeting i.e. August 14, 2014 up to August 13, 2019."

"RESOLVED FURTHER THAT any Director or the Company Secretary be and are hereby severally authorized to take such steps, actions and do things, deeds, matters including the filing of necessary forms with Ministry of Corporate Affairs

and intimation to Bombay Stock Exchange as may be required or are necessary so as to give proper effect to this Resolution."

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

"RESOLVED THAT in supersession of the resolution previously passed by the members at their meeting held on August 11, 2010 approving the remuneration by way of Commission to Non-Executive Directors and pursuant to the provisions of Section 197 of the Companies Act, 2013, Rules there under, Article 116 of Articles of Association and other applicable provisions, if any (including any statutory amendments, modifications or re-enactment thereof for the time being in force), consent of the company be and is hereby accorded for payment of profit related commission in addition to sitting fees and reimbursement of expenses for attending meetings of the Board of Directors, Committees and General Meeting to Non Executive Directors including Independent Directors not exceeding 1% of the net profits of the Company per annum calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 with effect from financial year 2013-14 to any one or more or all of the existing and future Non-Executive Directors including Independent Directors.

RESOLVED FURTHER THAT the Board of Directors and Nomination and Remuneration Committee be and is hereby authorized to fix the actual compensation and the structure of compensation to the Non Executive Directors including Independent Directors from time to time commencing from Financial Year 2013-14, in its absolute discretion within the ceiling prescribed under the Act and as approved by the shareholders and profit related commission in excess of 1% of net profit may be paid after obtaining necessary approvals from the Central Government.

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the adoption of the Mindteck Employees Stock Option Scheme 2014 ("the Scheme"), the salient features of which are furnished in the Explanatory Statement to the Notice."

"RESOLVED FURTHER THAT in accordance with Section 62 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), Articles of Association of the Company, Securities and Exchange Board of India ("Employees Stock Option Scheme and Employees Stock Purchase Scheme") Guidelines, 1999, ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines for the time being in force"), consent of the Company be and is hereby accorded to the Board of Directors of the Company [(hereinafter referred to as "the Board") which shall be deemed to include the Nomination and Remuneration Committee (hereinafter referred to as "Committee")] to exercise its powers, including the powers conferred by this resolution, to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in the employment of the Company,

including Directors of the Company, whether whole-time or not or working in India or overseas or otherwise, 25,00,000 equity shares and/or equity linked instruments (including Options), and/or any other instruments or securities (hereinafter collectively referred to as "Securities"), at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Committee, subject to the overall superintendence and control of the Board."

"RESOLVED FURTHER THAT the Scheme be administered by the Committee, subject to the overall superintendence and control of the Board."

"RESOLVED FURTHER THAT the said Securities may be allotted to such employees/directors in accordance with the Scheme and that the Scheme may also envisage as per the restrictions laid down in the Companies Act, 2013 and SEBI."

"RESOLVED FURTHER THAT the issue of Securities to any non-resident employee(s), non-resident Director shall be subject to such approvals, permissions or consents as may be necessary in this regard."

"RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company under the Scheme shall rank pari passu in all respects with the existing equity shares of the Company."

"RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the Guidelines."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Scheme, on the Stock Exchange where the Company's shares are listed as per the terms and conditions of the Listing Agreement with the concerned stock exchange and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Securities under the Scheme, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect and make any modifications, changes, variations, alterations or revisions in the said Scheme(s) or to suspend, withdraw or revive the Scheme(s) from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Mindteck Employees Stock Options Scheme 2014 ("the Scheme"), the salient features of which are furnished in the Explanatory Statement to the Notice, be extended to such person(s) who are or would be in

permanent employment of the Holding Company (ies) of the Company and/or Subsidiary Company (ies) of the Company, whether directly or indirectly and whether Indian or foreign (including the Directors of holding and Subsidiary Company(ies), whether working in India or out of India, except those belonging to Promoter Group on such terms and conditions as may be decided by the Board of Directors of the Company or the Nomination and Remuneration Committee of the Board, subject to the overall superintendence and control of the Company's Board of Directors and to do all such acts, deeds and take such steps as may be necessary to give effect to this resolution."

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

Shivarama Adiga S.
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: May 29, 2014

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. Statement pursuant to Section 102 of the Companies Act, 2013, 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, as well as for exercising e-voting.
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 91 of Companies Act, 2013 the Register of Members and Share Transfer Register shall remain closed from August 08, 2014 to August 14, 2014 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
6. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as on August 07, 2014.

7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of Contracts or arrangements in which Directors are interested, maintained by the Company under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the registered office of the Company.
9. 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's to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to their RTA, Universal Capital Securities Private Limited (formerly Mondkar Computers Pvt. Ltd.) at 21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai – 400093. Contact No. 022-28207203-05, Fax No. 022 -28207207.
10. 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 their RTA, Universal Capital Securities Private Limited(formerly Mondkar Computers Pvt. Ltd.), in this regard.
11. 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 to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
12. Pursuant to provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of seven years up to the financial year 2005-06 has been transferred to the 'Investor Education and Protection Fund' (IEPF) constituted by the Central Government. During the F.Y. 2013-14 the company has transferred to IEPF a sum of Rs. 83,103 being unclaimed dividend amount relating to the F.Y. 2005-06. 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.
13. 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.
14. 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, has been sent by email for 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 a physical copy if needed.

15. 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.

16. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice. The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

- i. Open the e-mail and also open PDF file namely "MINDTECK e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take the utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of Mindteck (India) Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mindteck.scrutinizer@gmail.com, with a copy marked to evoting@nsdl.co.in.

xiii. In case of any queries, you may refer to Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast a vote.

C. Other Instructions:

- i. The e-voting period commences on Friday, August 08, 2014 (9:00 a.m. IST) and ends on Sunday, August 10, 2014 (6:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on July 04, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on July 04, 2014.
- iii. Mr. Gopalakrishnaraj H H., Practicing Company Secretary (Membership No. FCS 5654), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. Members who do not have access to e-voting facility may send a duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Gopalakrishnaraj H H., Practicing Company

Secretary, (Membership No. FCS 5654), at the Registered Office of the Company not later than Sunday, August 10, 2014 (6.00 p.m. IST).

Members have the option to request a physical copy of the Ballot Form by sending an e-mail to investors@mindteck.com or shivarama.adiga@mindteck.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company no later than Sunday, August 10, 2014 (6.00 p.m. IST).

Any Ballot Form received after this date will be treated as invalid.

A Member may opt for only one mode of voting – either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.mindteck.com and on the website of NSDL www.evoting.nsdl.com within two working days of the passing of the resolutions at the Twenty-third AGM of the Company on August 14, 2014 and communicated to the Bombay Stock Exchange Limited, where the shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5: Appointment and Payment of Remuneration to Mr. Dayananda Shetty as an Executive Director of the Company

Mr. Dayananda Shetty was appointed as Additional Director of the Company w.e.f. October 01, 2013, pursuant to Section 161 of the Companies Act, 2013, read with Article 114(a) of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Dayananda Shetty will hold office up to the date of the ensuing AGM.

Further, the Board has also appointed Mr. Dayananda Shetty as an Executive Director of the Company for a period of three years commencing from October 01, 2013 subject to the approval of shareholders in the ensuing AGM.

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

- A. Term of appointment: From October 01, 2013 to September 30, 2016.
- B. Compensation: Mr. Dayananda Shetty will be drawing remuneration from Mindteck (India) Limited as its Executive Director as under:
 - i. **Base salary:** Rs. 34,00,000 per annum, payable at monthly intervals and other benefits as per the Company Policy from October 01, 2013 to March 31, 2014.
 - ii. **Base salary:** Rs. 39,10,000 per annum (15% increment), payable at monthly intervals and other benefits as per the Company Policy from April 01, 2014.

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

Insurance: Group Medical Insurance Policies and Group Personnel Accident Policies are as per the existing company policies.

- C. The period of notice of termination: Two Months.
- D. The main role of Mr. Dayananda Shetty is to perform all of the duties as customary to the position of Executive Director and shall report to the Chairman of the Board of Directors of the Company. Such duties shall include full power and authority for the management and direction of the business of the Company and its subsidiaries, subject to the superintendence, control and direction of the Chairman.

The resolution seeks the approval of the members in terms of Section 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 for the appointment and payment of remuneration to Mr. Dayananda Shetty for a period from October 01, 2013 to September 30, 2016.

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.

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

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Mr. Dayananda Shetty in the resolution.

The Board recommends the resolution for the approval of the members.

Item No. 6: Appointment and Payment of Remuneration to Mr. Meenaz Dhanani as an Executive Director of the Company

Mr. Meenaz Dhanani was appointed as Additional Director of the Company w.e.f. October 04, 2013, pursuant to 161 of the Companies Act, 2013, read with Article 114(a) of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Meenaz Dhanani will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000; proposing the candidature of Mr. Meenaz Dhanani for the office of Director.

The Company has received from Mr. Meenaz Dhanani (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub section (2) of 164 of the Companies Act, 2013.

Further, the Board has also appointed Mr. Meenaz Dhanani as an Executive Director of the Company for a period of three years commencing from October 04, 2013 subject to the approval of

shareholders in the ensuing AGM and the Central Government for the appointment.

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

- A. Term of appointment: From October 04, 2013 to October 03, 2016.
- B. Compensation: Mr. Meenaz Dhanani will not draw any remuneration from Mindteck (India) Limited as its Executive Director. However he will be drawing remuneration from its wholly owned subsidiary, Mindteck Inc.,US.

The Compensation payable by Mindteck Inc.,US is as under:

Base salary: \$1,44,000 per annum, payable at bi-monthly intervals and other benefits as per the Company Policy.

Saving and retirement plans: As per the existing policy including Stock Options of the company.

Insurance: Medical and Dental Policies/programs.

Other Benefits: Paid Vacation as per existing Company policy.

- C. The period of notice of termination: 60 Days.
- D. The main objective of Mr. Meenaz Dhanani 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 its US subsidiary, subject to the superintendence, control and direction of the Chairman of the Board.

The resolution seeks the approval of the members in terms of Section 196, 197 read with Schedule V and other applicable provision of the Companies Act, 2013 for the appointment of Mr. Meenaz Dhanani for a period from October 04, 2013 to October 03, 2016.

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 the Annual General Meeting.

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

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Mr. Meenaz Dhanani in the resolution.

The Board recommends the resolution for the approval of the members.

Item No. 7: Re-appointment and Payment of Remuneration to Mr. Yusuf Lanewala as Managing Director and CEO of the Company:

Mr. Yusuf Lanewala was appointed as Chairman of the Company for a period of three years effective from October 01, 2013. The

current term of Mr. Yusuf Lanewala as Managing Director & CEO of the Company expired on March 31, 2014. Hence as per the recommendation of Nomination and Remuneration Committee, Mr. Yusuf Lanewala was re-appointed as Managing Director & CEO with effect from April 01, 2014 for a period of three years by the Board of Directors, and the same resolution is placed before the Shareholders for their approval as per the terms and conditions listed below.

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

- A. Term of appointment: From April 01, 2014 to March 31, 2017.
- B. Compensation: Mr. Yusuf Lanewala will be drawing remuneration from Mindteck (India) Limited as its Managing Director and CEO as under:

Base salary: Rs. 70,00,000 per annum, payable at monthly intervals and other benefits as per the Company Policy.

Stock Options: 2,00,000 Stock Option under Mindteck Employee Stock Option Scheme 2008.

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

Insurance: Group Medical Insurance and Group Personnel Accident Policies are as per the existing company policies.

- C. The period of notice of termination: three Months.
- 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 resolution seeks the approval of the members in terms of Section 196, 197 read with Schedule V and other applicable provision of the Companies Act, 2013 for the re-appointment and payment of remuneration to Mr. Yusuf Lanewala for a period from April 01, 2014 to March 31, 2017.

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.

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.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Mr. Yusuf Lanewala in the resolution.

The Board recommends the resolution for the approval of the members.

Item No. 8: Appointment of Mr. Javed Gaya as an Independent Director.

The Company had, pursuant to the provisions of Companies Act 1956 & Clause 49 of the Listing Agreement with the Bombay Stock Exchange (BSE), appointed Mr. Javed Gaya as an Independent Director on March 24, 2009, in compliance with the requirements. As per circular dated April 17, 2014 of SEBI with regard to Corporate Governance of Listed Companies the Clause 49 is being amended and stipulates that an Independent Director who has served for five years or more in a Company as on October 01, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only (i.e. another term of appointment for five more consecutive years).

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came in to effect from April 01, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of the Mr. Javed Gaya as an Independent Director from August 14, 2014 to August 13, 2019.

Mr. Javed Gaya, an Independent Director of the Company, has given a declaration to the Board that he meets the criteria of the Independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and Rules framed thereunder for appointment as Independent Director and he is Independent of the management and the Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub section (2) of 164 of the Companies Act, 2013.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of this Director is now being placed before the Shareholders for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Shareholders at the Registered Office of the Company during normal hours on any working day, excluding Saturday and Sunday.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Mr. Javed Gaya in the resolution.

The Board recommends the resolution for the approval of the members.

Item No. 9 and 10: Appointment of Mr. Narayan A. Menon and Mr. Jagdish Malkani as Independent Directors.

The Company had, pursuant to the provisions of Companies Act 1956 & Clause 49 of the Listing Agreement with the Bombay Stock Exchange (BSE), appointed Mr. Narayan A. Menon and Mr. Jagdish Malkani, as a Independent Directors at various times, in compliance with the requirements.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came in to effect from April 01, 2014, every listed public company is required to have at least one-third of the total

number of directors as independent directors, who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of both the directors as Independent Directors from August 14, 2014 to August 13, 2019.

Mr. Narayan A. Menon and Mr. Jagdish Malkani, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of the Independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfills the conditions specified in the Companies Act, 2013 and Rules framed thereunder for appointment as Independent Director and they are Independent of the management and the Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that they are not disqualified under sub section (2) of 164 of the Companies Act, 2013.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these Directors is now being placed before the Shareholders for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Shareholders at the Registered Office of the Company during normal hours on any working day, excluding Saturday and Sunday.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Mr. Narayan A. Menon and Mr. Jagdish Malkani in the resolution set out at item No. 9 and 10 of the notice respectively.

The Board recommends the resolution for the approval of the members.

Item No. 11: Payment of Profit related Commission to Non-Executive Directors including Independent Directors.

The members of the Company have approved the payment of Profit related commission to Non-Executive Directors, including Independent Directors in the 19th AGM on August 11, 2010 under Companies Act 1956; however no payment is made till date. Now the Company has proposed to pay the profit-related commission to Non-Executive Directors, including Independent Directors of the Company in terms of Section 197 and others applicable provisions of Companies Act, 2013. Accordingly the payment of profit-related commission to the Non-Executive Directors, including Independent Directors both present and future appointees be paid, commencing from Financial Year 2013-14 not exceeding one percent per annum of the net profits of the Company computed in accordance with Section 198 and other applicable provisions of the Companies Act, 2013. This remuneration will be distributed among all or some of the Directors in accordance with the directions given by the Board of Directors.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, except Non-Executive Directors including Independent Directors in the resolution.

The Board recommends the resolution for the approval of the members.

Item No. 12 and 13: Introduction to Mindteck Employees Stock Option Scheme 2014.

With a view to offer stock ownership opportunity to the Company's employees, the Company proposes to introduce, subject to its shareholders' approval, the Mindteck Employees Stock Option Scheme 2014 ('the Scheme') by the creation and issue of 25,00,000 options that would eventually convert into equity shares in the hands of the Company's employees.

The Nomination and Remuneration Committee ("hereinafter referred to as Committee") of the Company's Board will administer the Scheme, subject to the superintendence and control of the Board.

The Company's Board has appointed M/s Quintessence Enterprises Private Limited as Merchant Bankers to formulate the scheme and ensure compliance with the requirements of the Securities and Exchange Board of India ("Employees Stock Option Scheme and Employees Stock Purchase Scheme") Guidelines, 1999, (hereinafter referred to as "the Guidelines").

In accordance with the requirements of the Guidelines, the information pertaining to the Scheme is furnished below:

Item	Particulars
Total no. of Options/ Warrants to be granted	25,00,000
Equivalent Equity Shares to be granted	25,00,000
Identification of Classes of employees entitled to participate in the Scheme	All the employees of the Company and its Holding/Subsidiary Company(ies), including Directors of each of these companies, as defined in the Guidelines (including any modification(s) or re-enactment of the Act for the time being in force), and as may be decided by the Committee, from time to time hereinafter referred to as "Employees".
Requirements of vesting and period of vesting and maximum period	Vesting of options may commence after the expiry of 12 months from the date on which the options are granted, and may extend up to such time from the date of the grant as may be decided by the Committee. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Committee, in its discretion, and which will include performance appraisal of the employees.
Exercise Price or Pricing Formula	The Exercise Price of the options shall be the fair market value i.e., latest available closing price of the Company's shares, prior to the date of grant of options, as reported in the stock exchange on which the Company's shares are listed.
Exercise Period and Process of Exercise	Exercise Period shall be the time period after vesting within which the Employee should exercise his/her right to apply for the shares against the options vested by him/her pursuant to the Scheme. The Exercise Period shall be decided by the Committee at the time of the grant. The Employees can exercise their options by making a written application to the Company, in such manner and on execution of such documents as may be prescribed by the Committee.
Method of valuing options	Fair Value
Appraisal process for determining the employees to the Scheme	The Committee shall, based upon the eligibility of performance and/or merit of Employees, as indicated by their annual performance appraisals, the minimum period of service put in by them, their designation and grade, their present and potential contribution to the success of the Company, its subsidiaries and/or its holding Company and other appropriate criteria, determine the eligibility of the Employees to the Scheme.
Maximum number of options to be issued per employee and in aggregate	<p>The Committee may from time to time award options to one or more Employees, which may include recurring options to the same Employee.</p> <p>The maximum number of options that may be awarded under the Scheme shall not exceed 1% of the issued capital in a year and 5% of the issued capital in aggregate per employee and 25,00,000 in aggregate for all employees.</p>

The Company shall conform to the accounting policies prescribed from time to time under the Guidelines.

The Company will be valuing the options at fair value as per the Guidelines. However, in future cases when the Company calculates the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that would have been recognized if it had used the fair value of the options shall be disclosed in the Directors' Report, and also the impact of this difference on the profits and the EPS of the Company shall also be disclosed in Directors' Report.

A copy of the said Scheme is available for inspection by shareholders at the Company's registered office between 10:00 am and 5.00 p.m. on all working days except Saturday and Sunday.

Special Resolutions as set out above in Item Nos. 12 and 13 are recommended for shareholders' approval.

Except the Independent Directors all other Directors and Key Managerial Personnel of the company are concerned or interested in the resolutions.

BY ORDER OF THE BOARD for Mindteck (India) Limited

Shivarama Adiga S.

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: May 29, 2014

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 September 27, 2013	Date of re-appointment is April 01, 2014	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 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).	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, including ATM deployment, internet and mobile banking. 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	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 guests 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 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. Mr. Malkani was a Sloan Fellow at the Stanford Graduate School of Business in California where he earned a Master of Science degree

Name of the Director	Mr. Narayan A. Menon	Mr. Yusuf Lanewala	Mr. Jagdish Malkani
		<p>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>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 Audit Committee & Corporate Governance Committee, Member of the Nomination & Remuneration Committee	Member of Stakeholders Relationship Committee Audit Committee Corporate Governance Committee	Member of Corporate Governance Committee, Stakeholders Relationship Committee and Audit 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	2,00,000	NIL

Name of the Director	Mr. Javed Gaya	Mr. Meenaz Dhanani	Mr. Dayananda Shetty
Date of Appointment/Last Re-appointment	August 07, 2012	October 04, 2013	October 01, 2013
Brief Resume and nature of expertise in specific functional areas	<p>Javed Gaya is an Independent Director and member of the Mindteck board. He is a lawyer by profession, practicing Civil Law in India and overseas for many years. Mr. Gaya has extensive work experience with English Law firm, Nabarro Nathanson in Dubai contributing much to cross border transactions. He had a challenging role at Advani & Co. in Mumbai where he worked as a partner and successfully established its branch extension to New Delhi.</p> <p>In 2000, Mr. Gaya had set up his own Law firm in Mumbai. His clientele includes successful MNCs, Construction, Oil and Gas, and Pharmaceutical companies. He also spends his time working with other Indian subsidiaries of foreign clients. Mr. Gaya sits on the board of Mindteck and Mecklai Financial contributing to administrative resolutions and policies of these companies. He was also appointed and served as liquidator of TAIB Capital (TCCL) and TAIB Securities Ltd.</p> <p>Mr. Gaya received his Law degree from Oxford University in England. He has been a member of the Honorable Society of Lincoln's Inn, London.</p>	<p>Mr. Dhanani is a 30-plus year New York investment banking veteran with experience and deep knowledge spanning international credit, trade and project finance, corporate finance, real estate investment, private equity and venture capital investment.</p> <p>Prior to joining the senior management team at Mindteck, Mr. Dhanani ran the investment advisory subsidiary of Bahrain-based TAIB Bank where he was directly responsible for managing the firm's US real estate portfolio and technology services companies.</p> <p>Mr. Dhanani, a B.A. graduate of Bernard M. Baruch College who majored in Finance and Investment Analysis, has held NASD Series 63 and 7 licenses and has numerous certifications in various disciplines related to investment banking and asset management.</p>	<p>Mr. Shetty is an established finance and management professional with more than three decades of Investment Banking, Finance, Accounts and General Management experience in the Middle East and India. Prior to becoming Executive Director, he served as a Consultant to Mindteck's Senior Management for over a year.</p> <p>Previously, Mr. Shetty spent 30 years at TAIB Bank in Bahrain where he quickly rose to become Senior Vice President and was responsible for global operations, human resource development, strategic planning and implementation, as well as IT services.</p> <p>Mr. Shetty began his career in India practicing accounting and auditing. He is a Commerce Graduate with an MBA in Finance and Management from American University in Washington D.C., where he also won several outstanding performance awards in sports and games</p>
List of other Indian Companies in which Directorship is held	Mecklai Financial Services Ltd. Photolink Creative India Pvt Ltd. Bloom Plantation & Resort (P) Ltd. Flourish Plantation Resort (P) Ltd. Nilgiris Garden & Services (P) Ltd. Thierry Betancourt Furniture Designs Pvt. Ltd. Lama Rice (P) Ltd. Jali Joy Properties Pvt. Ltd.	NIL	NIL
Chairman/Member of the Committee(s) of Board of Directors of the Company	Chairman of Stakeholders Relationship Committee and Nomination & Remuneration Committee. Member of Audit Committee	NIL	Member of Stakeholders Relationship Committee and Nomination & Remuneration 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 Inves-tor Grievance Committee c) Remuneration Committee	Chairman of Remuneration Committee in Mecklai Financial Services Ltd.	NIL	NIL
Shareholding/ Stock Options in the Company	NIL	NIL	NIL

MINDTECK (INDIA) LIMITED

(CIN : L30007KA1991PLC039702)

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-THIRD ANNUAL GENERAL MEETING** of the Company at Hotel Woodlands, "Chandani Hall", No. 5, Rajaram Mohan Roy Road, Bengaluru-560 025, India on Thursday, August 14, 2014 at 11:00 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

(CIN : L30007KA1991PLC039702)

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

PROXY FORM (MGT-11)

Name of the Member(s):

Registered Address:

Email Id:

Reg. Folio/Client ID No.:

DP ID No.:

No. of shares:

I/We.....being a Member(s) of MINDTECK (INDIA) LIMITED, hereby appoint Mr./Mrs..... of in the district of or failing him/her, 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-Third Annual General Meeting** of the Company to be held on Thursday, August 14, 2014 at 11:00 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 August 2014.

Affix Re.
One
Revenue
Stamp

Signature of shareholder

Signature of Proxy

As my/our proxy to attend and vote (on a poll) for me/us and my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Thursday, August 14, 2014, at 11:00 A.M. IST, at the Hotel Woodlands, "Chandani Hall" No. 5, Rajaram Mohan Roy Road, Bengaluru-560 025, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	(Please mention no. of shares)	For	Against
Ordinary business				
1	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.			
2	To declare dividend of Rs. 1 Per Equity Share for the year ended March 31, 2014.			
3	To appoint a Director in place of Mr. Yusuf Lanewala, who retires by rotation and being eligible, offers himself for re-appointment.			
4	To re-appoint B S R & Company as the auditors of the Company.			
Special business				
5	To approve the appointment and payment of remuneration to Mr. Dayananda Shetty.			
6	To approve the appointment and payment of Mr. Meenaz Dhanani as Executive Director and liable to retire by rotation.			
7	To approve reappointment and the payment of remuneration to Mr. Yusuf Lanewala.			
8	To appoint Mr. Javed Gaya as Independent Director for another term of five years.			
9	To appoint Mr. Narayan A Menon as Independent Director for a term of five years.			
10	To appoint Mr. Jagdish Malkani as Independent Director for a term of five years.			
11	To approve the payment of commission to Non-Executive including Independent Directors.			
12	To approve Mindteck Employees Stock Option Scheme 2014.			
13	To grant options under Mindteck Employees Stock Option Scheme 2014 for employees of Holding/Subsidiary Company(ies).			

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.



Mindteck's framework for honoring its commitments and making a lasting difference both inside and outside the organization is *WE CARE*. During the year, we made notable strides toward these endeavors. We furthered the reach of Mindteck Academy with the launch of online courses, enabling more underemployed and unemployed citizens, including military veterans, in more communities, to jumpstart a new career; we instituted the *WE CARE* Ambassador role to champion a caring culture and business approach, and ensure a superior experience amongst our constituents; and, we started engaging with Harvard University's Center for International Development (CID) to provide advisory and development services for *The Atlas online* – an interactive tool that provides visualizations of growth opportunities for over 100 countries worldwide. In the coming year, we hope to continue expanding our commitment to education and fostering career growth in technology around the globe. ■

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Fax: 91 80 4112 5813

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Enola, PA 17025
Tel: 1 717 732 2211
Fax: 1 717 732 2927

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Fax: 44 208 213 3001

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Manama - Kingdom of Bahrain
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Fax: 973 1753 6332

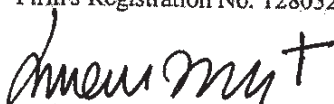


FORM A

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 2014
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not applicable

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


Vineet Dhawan
Partner
Membership No.: 092084

Place: Bangalore
Date: May 29, 2014

for Mindteck (India) Limited


Yusuf Lanewala
Chairman and Managing
Director

Place: Bangalore
Date: May 29, 2014


Javed Gaya
Audit Committee
Chairman

Place: Bangalore
Date: May 29, 2014


Ramesh B.V.
Financial Controller

Place: Bangalore
Date: May 29, 2014