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MINDTREE LIMITED
ANNUAL REPORT 2008 - 09

MindTree Ltd.

Board of Directors

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

Audit Committee

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

Investor Grievances Committee

Dr. Albert Hieronimus - Chairman
Subroto Bagchi - Member

Compensation Committee

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

Technology Committee

George M Scalise - Member

Strategic Initiatives Committee

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

Business Heads

Krishnakumar Natarajan - CEO & Managing Director
S Janakiraman - President & Group CEO - Product Engineering Services
Anjan Lahiri - President & CEO - IT Services
Scott Staples - President & CEO - Knowledge Services
Parthasarathy N S - President & CEO - Independent Testing & IMTS
Vinod Deshmukh - President & CEO - R&D Services
Ashok Krishnamoorthy - Executive Vice President & CEO - Outsourced Product Development

Chief Financial Officer

Rostow Ravan

Company Secretary

Usha T N

Auditors

BSR & Associates

Bankers

Hongkong & Shanghai Banking Corporation Limited
ICICI Bank Limited
CitiBank
Standard Chartered Bank
State Bank of India



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Chairman's Letter to the Shareholders



Dear Shareholder,

It gives me pleasure to present to you the performance report of your company for the period 2008-09.

Financial year 2008-09 will go down in economic history as the year of the first truly global economic crisis. Industries across a wide spectrum were severely impacted and the IT industry was no exception.

It is heartening that in such a challenging year, MindTree grew its revenue by 21% in USD terms and 37% in Rupee terms, amongst the highest in the Indian IT industry. MindTree posted a record EBITDA of 26%. However, our Profit After Tax (PAT) fell to 2.9% largely due to the 'mark-to-market' provision on our hedges. This provision is only a book provision and not a cash loss. This provision is expected to reverse itself over the life of the contracts and hence we expect our future profitability to be better. This provision was required as a result of the change in the accounting rules on 29 March 2008. Further, our hedges were entered into during 2007-08 when the Rupee was on an appreciating trend and since the Rupee depreciated sharply in 2008-09, we had to make these provisions.

On May 2, 2008, we announced our intention to acquire Aztecsoft Ltd and by August 1, 2008 we had become the beneficial owners of about 80% of the shareholding. We have been working as virtually one company since then. The fact that Aztecsoft was aligned to MindTree's values, culture and high standards of corporate governance made the integration process so much easier. MindTree now has a talent pool of more than 2,000 MindTree Minds purely focused on testing-related services, making us among the strongest independent testing service providers in India. We now also offer our customers Product Engineering Services that cover the complete range from the chip to cloud computing.

MindTree continued to be recognized globally, winning awards and top rankings in corporate governance, people practices and knowledge management. MindTree was the winner of the National Award for Excellence in Corporate Governance for 2007-08. MindTree was ranked No. 1 among the winners of the Indian Most Admired Knowledge Enterprises (MAKE) award for the second consecutive year in 2008. We were also the winner of the Asian Most Admired Knowledge Enterprise (MAKE) award for 2008.

MindTree was ranked 45th in the 'Leaders' category of 2009 Global Outsourcing 100 by the International Association of Outsourcing Professionals. The Great Places to Work Institute, in collaboration with The Economic Times, selected MindTree to the list of 'Great Places to Work in India' for 2008, and specially recognized MindTree as the Best Workplace for Women in India. MindTree became the first Indian company to win the Texas Instruments (TI) 2008 Supplier Excellence Award. MindTree also won the SAPACE Award for Customer Excellence 2008.

With effect from April 1, 2009, your company has implemented major organization restructuring, entering new market segments, setting up new business units and new roles for many leaders. MindTree now has 6 businesses IT Services, Independent Testing, Infrastructure Management and Technical Support (IMTS), Knowledge Services and Product Engineering, which comprises of R&D Services and Outsourced Product Development. Krishnakumar Natarajan (KK) has become CEO & MD and will be responsible for MindTree's day-to-day operations and will look after the businesses and enabling functions. I have assumed the role of Executive

Chairman and will continue to be the Chairman of the Board. In my role, I will focus on strategic initiatives and long term development.

Though our original Mission statement served us well for a decade, we chose to rearticulate it to make it more inspirational, impactful and easier to remember. MindTree's new Mission is shown below:

Our Mission
Successful Customers
Happy People
Innovative Solutions

The new Mission statement reinforces that the two most important stakeholders for our success are our customers and our people. There is also a correlation between all three elements as we believe that happy people lead to happy customers and also innovative solutions are a means of contributing to the success of our customers. We also believe that if we ensure the success of our customers and keep our people happy, all our stakeholders will benefit from the value created.

We have also articulated a fresh 5-year Vision for MindTree.

Our 5-year Vision (FY 2014)

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

Our Sales and Profitability growth targets are ambitious. Very few companies succeed in growing significantly ahead of industry in both revenue and profitability, which is what we are aspiring to achieve. The third Vision statement is about global admiration and in the new articulation we have defined the characteristics which earn admiration in our industry. Many of these are already key strengths of MindTree. We now have to raise these to the next level.

The fourth and last Vision statement talks about our Social Responsibility objective. We have chosen Assistive Technologies as the area of focus, as we can bring our technology expertise and skills to make a difference in the lives of differently-abled people. The statement is also aligned with the principal Mission of MindTree Foundation.

In view of the unprecedented economic crisis, your Company decided to be minimalist in the production of this annual report. I am confident you will appreciate our cost cutting measures that have been taken without compromising on the readability and design. We believe we are the only company globally which publishes the results of our customer satisfaction and people satisfaction surveys, together with historical trends of these two most important indicators for success in our business. You will find the results of our latest surveys within the annual report. We are pleased that these continue to reflect the confidence of our customers in MindTree and the happiness of MindTree minds of being members of a wonderful team and family.

We are hopeful that in the latter half of 2009-10, the global economy will recover and be back on a healthy growth trajectory. MindTree will aim for industry leading performance by continuing our investments in developing new businesses, new industry groups, new skills and new markets.

This August, MindTree will turn 10. It has been an exhilarating journey for all MindTree Minds. We are proud of the fact that in such a short span of time, your company has emerged as the best mid-sized IT Services Company. From inception to a run rate of \$300 Million in less than ten years is among the fastest the Indian IT Services industry has seen. Today, MindTree is recognized and respected for its corporate governance, people practices, knowledge management and social responsibility.

I take this opportunity to recognize the contribution of our customers, partners, people and investors for your goodwill and support which are so valuable to us. I look forward to your continued support in our journey towards achieving the Vision of becoming a \$1 Billion organization.



Ashok Soota
Executive Chairman

Auditors Certification on Corporate Governance

To the Members,

MindTree Limited

We have examined the compliance of conditions of corporate governance by MindTree Limited ('the Company'), for the year ended March 31, 2009, 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 the 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 state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for BSR & Associates
Chartered Accountants

Sd/-

Rajesh Arora
Partner
Membership No. 076124

Bangalore
May 18, 2009

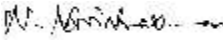


Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

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

- 1) We have reviewed the Balance Sheet and Profit and Loss account (consolidated and standalone), and all the schedules and notes on accounts as well as the Cash Flow statements, and the Directors' report for the year and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or which violate the Company's code of conduct.
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:
 - a) Evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting;
 - b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware; and
 - c) The steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the Company's auditors and the Audit Committee of the Board of Directors
 - a) Significant changes that have occurred in the internal control over financial reporting during the year;
 - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting; and
 - d) All deficiencies, if any, in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
- 5) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Bangalore
April 27, 2009


Krishnakumar Natarajan
CEO & Managing Director


Rostow Ravanani
Chief Financial Officer

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their Tenth report on the business and operations of your company and its working results for the year 2008-09.

Rs. Million		
Profit and Loss Statement	FY 09	FY 08
Income from software development		
Overseas	9,484.20	6,830.59
Domestic	641.50	507.81
Total Revenue	10,125.70	7,338.40
Total Costs (Direct+SG&A)	7,484.52	6,080.47
EBITDA	2,641.18	1,257.93
Interest	161.99	58.95
Depreciation	468.58	349.34
Operating Profit	2,010.61	849.64
Foreign Exchange (Loss) / gain	(1,763.95)	39.93
Other income	78.79	237.69
Profit before tax	325.45	1,127.26
Provision for Tax including fringe benefit tax	80.30	128.96
Deferred tax charge/(credit)	(54.90)	(43.49)
Profit After Tax (PAT)	300.05	1,041.79
PAT % (of Revenue)	3.0%	14.2%
PAT % (of Revenue + Other Income)	2.9%	13.8%

Business Performance:

The global economy is going through an unprecedented crisis and many industries are affected by it directly or indirectly. The Indian IT industry has also been affected by this crisis.

MindTree's income from software development grew to Rs. 10,126 million for the year ended March 31, 2009, which represents an increase of 38% over the previous year's Rs. 7,338 million. In US dollar terms, total revenues grew 21% over the previous year, which is amongst the highest reported in the Indian IT industry in this challenging year.

We saw growth across both overseas and domestic markets. Export revenues grew 39% to Rs. 9,484 million whereas domestic revenues grew 26% to Rs. 641 million.

Since your company earns most of its revenues in foreign currency, mainly the US dollar, while most of the costs are in Indian rupee we hedge our foreign currency receivables. Foreign currency transactions are accounted by us in accordance with AS11 "Accounting for the Effects of Changes in Foreign Exchange Rates" and AS30 "Financial Instruments Recognition and Measurement".

During the year, the Indian rupee depreciated against the US dollar by about 25%. While this helped in improving our operating margins, we had to make provisions on 'mark-to-market' losses for our outstanding hedges. Since these hedges were entered into in 2007-08 when the Rupee was on an appreciating trend, these instruments currently have a significant negative mark-to-market value. This is only a notional accounting provision and not a cash loss.

Our operating profits for the year 2008-09 have grown to Rs. 2,011 Million, which is a growth of 137% over the previous year. The high mark-to-market provisions caused a wide divergence between our operating profits, where we have achieved good results and our Profit After Tax (PAT). Our PAT fell 71% compared to the last year.

Dividend

Your directors have paid an interim dividend of Re. 1 per share (10% on par value of Rs. 10) during November, 2008. Shareholders approval is sought to ratify the payment of interim dividend. No final dividend is recommended for the year 2008-09.

Transfer to Reserves

We propose to transfer Rs. 7.50 Million to the general reserve in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975.

Changes to Share Capital

Your company also issued 76,128 shares of Rs.10 each to various MindTree Minds on exercise of stock options. Consequently, the share capital has been increased from Rs. 379,205,580 to Rs. 379,966,860.

Infrastructure

During the year, your company has added a built-up capacity of 160,420 sq. ft. and added 1,639 seats. With this, the total built up capacity of your company in India stands at 758,420 sq. ft.

The new capacity was built in an SEZ unit in our Mysore Road Campus. This new infrastructure includes space for workstations, conference rooms, meeting rooms and labs.

In addition, your company has added world-class communication infrastructure to support our customers. This includes interoffice data links, internet access links, customer specific data links and dedicated data/voice links.

Strategic Acquisitions

TES-PV

In December 2007, MindTree acquired Bangalore-based TES-PurpleVision (TES-PV). TES-PV had well known technology companies in the US, Europe, Japan and India as their customers. This acquisition helped us double our IC design team-size and strengthen our presence in the Japanese market. During the year TES-PV (re-named MindTree Technologies Pvt. Ltd.) was merged into MindTree through an order by Hon'ble High Court of Karnataka and fully integrated.

Aztecsoft

During the year your company acquired substantial stake in Aztecsoft, a company listed in India and headquartered in Bangalore. The all-cash acquisition was made through a negotiated deal with the promoters of Aztecsoft, an open offer for the public shareholders and market purchases. As of March 31, 2009, MindTree had 80% shareholding in Aztecsoft.

Aztecsoft is a leading player in the fast growing Outsourced Product Development (OPD) and Testing markets. Combination with Aztecsoft, MindTree is able to cover the entire product development stack: chip design, embedded software, platform software, middleware and application software. In addition, the combined team-size in Testing services making us one of the top players in the Indian industry. There is minimal overlap of customers across the two companies, providing us the opportunity to cross-sell to each other's customers. There is high degree of culture match across the two organizations.

Integration of Aztecsoft with MindTree has been progressing well and we are seeing many synergy areas. Our new organization structure (described in a subsequent section) reflects the combined strengths of the two organizations.

During the year the company had filed a petition with the Honorable High Court of Karnataka to merge the two companies via a Scheme of Amalgamation approved by the shareholders in the EGM held on December 22, 2008. According to the Scheme,