

— MINDTREE LIMITED —
ANNUAL REPORT 2009 - 10

MindTree Limited

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 Subramanian - 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
Janakiraman S - Member

Compensation Committee

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

Strategic Initiatives Committee

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

Administrative Committee

Ashok Soota - Chairman
Subroto Bagchi - Member
Siddhartha V G - 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 - CEO - Independent Testing & IMTS
Vinod Deshmukh - President & CEO - R&D Services
Ashok Krishnamoorthy - CEO - Software Product Engineering (SPE)
Samartha Nagabhushanam - CEO - Next In Wireless (NIW)

Chief Financial Officer

Rostow Ravanam

Company Secretary

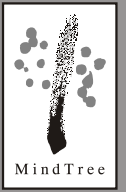
Rajesh S Narang

Auditors

B S R & Associates

Bankers

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



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Letter to the Shareholders from the Executive Chariman and CEO & Managing Director



Dear Shareholder,

It gives us great pleasure to present to you the performance report of your Company for the year 2009-10.

We entered FY 2010 when the environment saw the unfolding of a global economic crisis. Growth was a challenge for every industry and the word 'caution' was on everyone's mind. Every organization had to reinvent itself to survive and it is in the context of these challenging times that the performance of your Company has to be viewed.

We are extremely happy to report to you that in spite of the challenging times your Company grew revenues by 4.7% to Rs 12,960M. This also marks a significant achievement that the Company has had 10 continuous years of year on year growth of revenues. Our profits also grew by 310.7% to Rs 2,149M which is also a creditable achievement considering the difficult market environment. We would also like to highlight that keeping in line our values of caring, learning, achieving, sharing and social responsiveness your Company did not engage in short term measures like lay offs, etc and this has helped build a team of passionate and committed MindTree Minds.

We see tremendous opportunities in the markets we compete. In the services business we believe that people scale alone is not an advantage. Increasingly customers are demanding specialization and would expect their partners to deliver value to their businesses on a consistent basis. The strategy of the Company to focus on high growth businesses and domains is helping us meet this key requirement of customers. In the markets we address we win our share of business competing with the bigger players. Large enterprises are increasingly calling us to the table based on unique business value which we provide and this augurs well for the future of your Company.

Keeping in line with the strategy of specialization supported by unique value to customers we continue to invest in building Intellectual Property which positions us differently in the market. Our approach of building Technology in India for Global markets is showing strong traction and we are amongst the Top 3 licensing companies for Bluetooth related technologies.

Inline with the above approach your Company acquired in Oct 2009 the captive center of Kyocera Wireless in Bangalore, India. The acquisition brought to us a great team which had excellent credentials in design of mobile handsets and 4G infrastructure. The unit has now been rechristened as MindTree Wireless- a wholly owned subsidiary. This business will focus on building ready to brand 3G Smartphones for Global markets and Intellectual Property for 4G infrastructure. Globally these are fast growing markets and our entry into these segments demonstrates the huge growth opportunities which your Company is addressing.

During the year MindTree got the No. 1 place in India for Corporate Governance in the Asia Money Poll. We also got recognized for our Knowledge Management and won the Most Admired Knowledge Enterprise Asia award in 2008 and 2009. We continue to be recognized for our innovative people practices. We were also ranked No. 19 in the IAOP Global outsourcing list amongst IT services companies.

We had shared with you in the annual report for last year about the updated Mission Statement of MindTree. With the Mission being the foundation we have initiated several Company level initiatives which are starting to bear fruit. We have launched a “Delivery Excellence” initiative which will drive consistent and predictable quality outputs to our customers and this initiative is a 3-4 year journey. We are already seeing the first signs of customer acceptance and this year’s customer satisfaction is a good testimony. Overall our customer satisfaction scores in 2009-10 are our highest ever as detailed in this report.

MindTree has the vision of working closely with all our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint. In making this happen, we have undertaken a number of initiatives in the areas of modern energy conservation practices, induction of alternate energy sources, efficient waste management with focus on reuse-reduce-recycle processes and conservation of water. Since these are areas where collaboration is crucial to success, we are building partnerships with local communities, extended families of MindTree Minds and government agencies in making a bigger impact. These efforts have given early results over the past four quarters, MindTree has achieved approximately 28,400 tonnes of CO₂-emission, translating into 4.10 tons of CO₂-emission per offshore employee, which is better than or at par with the emissions of many of the large IT Companies in India. To meet the contemporary green standards and deliver further value to our customers, MindTree will be taking steps to obtain the OHSAS and ISO 14064 certifications this year. Our belief is that we are well on our way to make MindTree a sustainable and environment friendly company.

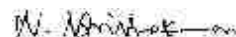
MindTree will continue to invest and aim for industry leading positions in the businesses and markets we compete in. We will complement our responsive strategy with flawless execution. MindTree will strive to retain its admired position and be known for its Corporate Governance, People Practices, Knowledge Management and Social Responsibility.

We 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. We look forward to your continued support in our journey towards achieving the Vision of becoming a \$1 Billion organization.

With best regards,



Ashok Soota
Executive Chairman



Krishnakumar Natarajan
CEO & Managing Director

Report on Customer and People Satisfaction

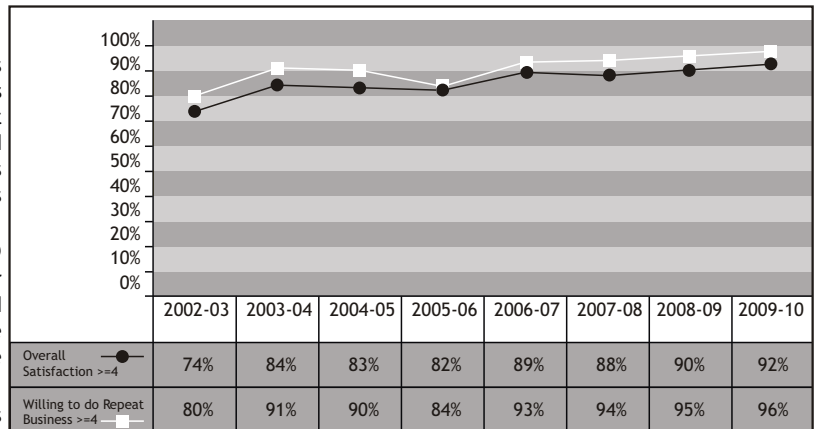
The chart below shows the overall feedback of our Customers over the last eight years.

Customer Satisfaction

The Annual Customer Experience Survey provides insights on the satisfaction levels of our customers on various parameters including their willingness to do repeat business, willingness to recommend to other prospects and overall satisfaction. Their valued feedback helps us enhance the quality of our service, deliverables, products and methodology.

Customer Experience Survey conducted in December 2009 for the year 2009-10 was responded to by 77% of our Customers. More than 90% of our Customers rated us 4 and above on a scale of 5 on "Overall Satisfaction" and more than 95% of our Customers rated us 4 and above on a scale of 5 on their "Willingness to do Repeat Business".

In a year where overall sentiment and market scenario was extremely challenging, our customers placed faith in us; likewise we have been able to deliver a better performance. We are proud to announce that MindTree's customer satisfaction ratings have touched an all time high this year.



In our past Customer Experience Surveys, Customers have frequently expressed their positive and unique experiences partnering with MindTree, especially, when it came to interacting and working with MindTree Minds. The attitude of our people continues to be the highest rated parameter, this year too. This experience is an endorsement of our unique People practices and happy people at work.

To achieve this extraordinary customer satisfaction, our investment has been fruitful in driving internal certifications and learning programs in the areas of project management, technology, quality and soft skills. We have robust governance systems to drive timely objective setting, ensure ongoing feedback and give line managers better visibility into real-time status through dashboards.

In line with our Mission of "Successful Customers, Happy People and Innovative Solutions", we will continue our thrust on Delivery Excellence during 2010-11 and deliver sustained performance through our customer facing processes, systems and quality.

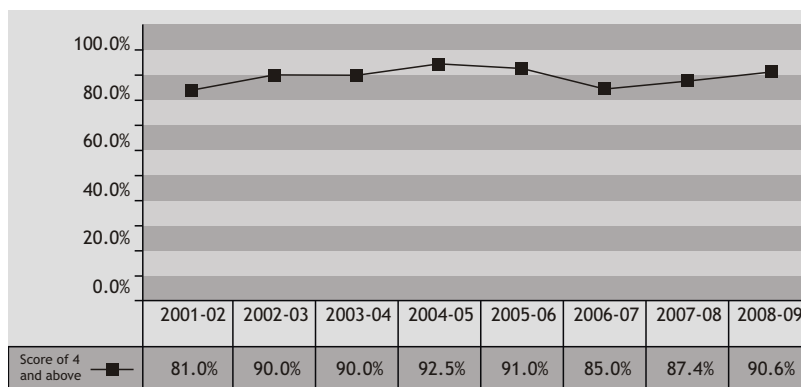
People Initiatives and People Satisfaction

The year 2009-10 witnessed the launch of two strategic people initiatives in the areas of Performance Management & Recognition Culture. These are two areas where we want MindTree to be recognized as amongst the best in the industry in the years to come, as not only do they touch every

Mind in the organization but also play a pivotal role in driving employee engagement, motivation and high performance at the workplace.

The new Performance Management system christened COMPASS was launched with the intent of creating an ongoing performance feedback culture in the Organization by bringing in more objectivity into the appraisal process and by offering customized performance assessment templates based on the employee profiles. COMPASS also ensures that there is adequate credit given for organization building activities in addition to their allocated work.

The other focus area, building a Recognition Culture, was launched with a new Rewards & Recognition policy, focusing on timely, consistent, personalized and instant recognition at MindTree. Various new Recognition



programs such as MindTree Citizen, 10/10 (Ten on Ten), Pat on the Back, Values Scout awards were introduced as a part of the new policy.

In line with these initiatives, two learning programs on "Ongoing feedback" and "Building a Recognition Culture" were also launched for MindTree Managers to enable them to become accelerators of this vibrant culture that we aspire to build at MindTree.

2009 was the year when MindTree achieved the momentous milestone of completing 10 magnificent years. The 10th Year Anniversary with the "Power of Ten" theme was celebrated by MindTree Minds and their families across the globe. This was also an opportunity to recognize and acknowledge the services of MindTree Minds who completed their 10 glorious years with MindTree, thus reinforcing the spirit of recognition and celebration

Every year the MindTree People Perception Survey (MPPS) serves as a platform to measure the internal satisfaction levels of MindTree Minds and their alignment to MindTree's values, culture and mission. As the organization grows, MPPS also becomes a vital tool to collect valuable inputs from MindTree Minds to continuously enhance our people policies, practices and systems across the globe. This ensures there is a constant effort made towards improving our internal people practices year on year.

The last couple of years have been quite dynamic for MindTree, with two key Acquisitions- Aztecsoft followed by Kyocera Wireless India Pvt. Ltd. (KWI). The erstwhile Aztecsoft Minds were a part of last year's MPPS survey, in which more than 69% of MindTree Minds participated and 90.6% of them gave a satisfaction rating of 4 or higher, on a scale of 5. This was indeed a very gratifying response, as we had not only exceeded our stated goal for internal satisfaction, but also done this in a year when the overall sentiments and market scenario were negative.

However this year, to ensure the Next in Wireless (NiW) Minds are well assimilated into the Organization, before participating in the people satisfaction survey, the next MPPS survey would be conducted by July 2010 and will be included as part of next year's report.

Green Initiatives at MindTree

Conservation of Energy and Environment

Our Company is committed to following high standards of environmental protection and provision of a safe and healthy work place for our MindTree Minds, customers and other stakeholders. In the present context, we regard climate change mitigation as a prime responsibility. We started monitoring our Green House Gas (GHG) emissions since April 2009 and we now believe that we have a good understanding of our GHG emissions across all categories; this includes almost every activity of our organization. Our purpose is enshrined in our Green Mission Statement- *"To work closely with all of our stakeholders to identify, implement and sustain eco-friendly initiatives to achieve a carbon-neutral footprint."* The mission is taken forward by two bodies- the MindTree Green Council, which provides governance mechanisms and directs our green initiatives to meet our objectives; and the Green Community which is the extended arm which mobilizes participation for execution of mass programs.

Green Council - Green Council is the multi-disciplinary apex body which oversees all the environmental activities within MindTree. The Council consists of Senior Leaders from all relevant streams including Admin, IS, C2, Operations and Delivery. The Council continuously evaluates new organization-wide Green initiatives and oversees their implementation. The Council sets annual objectives including carbon emission targets and drives compliance.

Green Community - The Green Community is a voluntary group formed under the auspices of the Green Council with the primary intention of spreading awareness among MindTree Minds to become more eco friendly at office, as well as in their personal lives. The Green Community regularly organizes awareness campaigns in multiple MindTree locations. To date, the Community has over 400 volunteers, spread across multiple locations of MindTree in India and abroad. The Community initiatives are reviewed in monthly Green Council meetings.

The Green Council has a five-point agenda as indicated in the figure below.

Awareness

Educate MindTree Minds, our extended families and our partners on environmental responsibility

Assessment

Design and implement a matrix based approach for continuous improvements in MindTree's green initiatives

Accomplishment

Identify eco-friendly measures and implement them through extended teams

Adjustment

Continuously review our environmental mission statement to ensure it remains relevant to our business with right balance between shareholder value and environmental friendliness

Association

Work with other like-minded organizations with an intention to learn and share

In pursuit of this agenda, we follow a structured approach of measurement, management and mitigation in tackling issues of carbon, energy, water and waste.

Carbon

MindTree's Green Council started measuring the carbon footprint in April 2009. Our measurement is carried out across all locations and is audited by NextGen PMS Pvt Ltd, an external agency. Our present Green House Gas (GHG) Emissions are as shown below

GHG Emission Sources

Energy Generated:
1,629.56 tons of CO₂
Energy Purchased:
1,539.806 tons of CO₂
Business Travel:
4,266.5 tons of CO₂
Employee Commute:
5,817.82 tons of CO₂
Freight:
238.03 tons of CO₂
Waste:
468.34 tons of CO₂

**GHG Emission Intensities
(Emission per employee)**

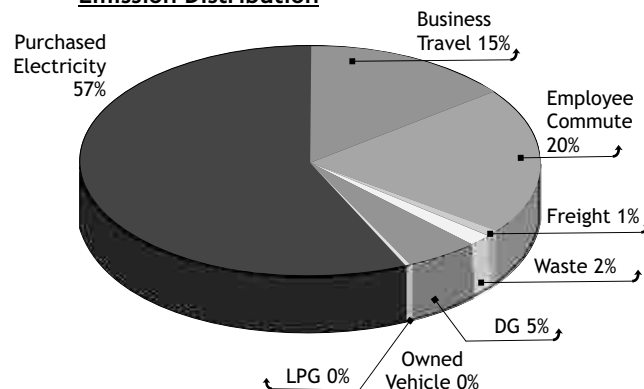
Scope 1:
.226 tons of CO₂
Scope 2:
2.5 tons of CO₂
Total Emissions:
3.94 tons of CO₂

GHG emissions from electricity consumption would be reduced by deploying various energy efficiency measures and better optimisation of energy consumption. GHG emissions from waste disposal would be reduced by recycling the waste completely.

Sources of GHG Emissions: FY 09-10

As the chart indicates, nearly 62 % of GHG footprint comes from consumption of electricity, captive and grid combined. Business travel and employee commute accounts for a majority of the balance: 35%.

- To reduce commute-related emissions we have initiated virtual meeting technologies, video and tele-conference. Use of public transport/company provided transport and car pooling is encouraged.
- To compensate for the necessary emissions due to our daily operations, we have planted 8,000 trees during the year 2009-10 on a 50 Acre land, aptly named "MindTree Forest." This acts as a carbon sink for some part of our emissions. This initiative offers us a carbon offset of 160 Tons per year in the near future.

Emission Distribution**Energy**

MindTree's Green Council has been actively involved in reducing the energy consumption of both existing and new buildings. Some of the energy efficiency steps that have been undertaken are as follows:



Building Design

- Whitefield facility is under construction and we hope that this will be our first LEED(Gold) certified building
- Glazing is minimized from NE and SW areas, so that solar rays are minimized

Cooling Requirements

- Shifting from split ACs to water chillers
- Programming of air conditioners through logic control systems
- Variable frequency drives (VFD) are sequenced in operation of AHU and secondary pumps

Lighting Requirements

- Usage of Low Power Loss Electronic ballast (5W) in place of Copper ballast (10W)
- Use of a 12 pulse rectifier to keep total harmonic distortion under 5%
- Usage of compact florescent lamps for lighting

Computing Requirements

- Installation of LCD monitors (Energy Efficient) in place of normal CRT monitors
- Data Centre Virtualization

Good Practices

- Transformers with high efficiency maintaining power factor of 0.98 on distribution side are procured from reputed companies
- XLPE cables with higher current withstanding capability and low losses for UPS
- Switching off unused equipments after office hours
- Energy Audits at regular intervals
- Shifting from HCFCs to HFCs in new buildings

Water

There has been increasing awareness of the need to conserve water, both in usage practices and in securing our sources. Some steps that helped create an impact are:-

- Only ground water is used at West Campus
- Installation of auto sensors in toilets to optimize water usage
- Dish washers used in the cafeterias to minimize water waste
- Sewage water treatment plant to recycle water
- Installation of meters to monitor water usage wherever feasible
- Rain water harvesting/ground water recharging. At our West Campus water table is very high, hence we prefer groundwater re-charging to rain water harvesting.

Pollution and Waste Management

MindTree is compliant with all pollution control norms as per Karnataka Pollution Control Board norms and recycles 85% of its waste by partnering with external organizations. We are also committed to reduce the quantity of waste generated by effective usage and judicious planning. Some of the steps taken by us in this regard are presented below:

We conserve Water

Organic and Inorganic Waste

- Collected centrally and segregated as Recyclable/Non-Recyclable
- Disposed to Piggeries

**E-Waste**

- Disposed and Recycled through E-Parisaraa, a scientific electronic waste recycling organisation

**Paper Waste**

- Recycled Through the services of "Samarthanam Trust". Samarthanam is a Non-Governmental Organization (NGO) working with disabled children along with those belonging to economically disadvantaged sections

**Awareness**

Creating awareness about Green issues among MindTree Minds is the key charter of the Green Community. This community, which is based on purely voluntary participation, was kick-started in the early part of 2009 and has steadily grown over the year to reach a subscription of over 400 members with a good presence in multiple locations including Bangalore, Chennai, Pune and Hyderabad. On average, the Community organizes at least one Green Awareness event every month, which include activities such as invited talks, educational stalls, product sales, pollution check campaigns, movie screenings and so on. The community has conducted awareness events to mark important days such as Earth Day, World Water Day, and World Environment Day. The community played a major role in the design and maintenance of our in-house Green Portal which serves as the single point of reference for all our Green initiatives. The Green Community also has been instrumental in defining and developing an e-Learning course on Go-Green, which is currently being subscribed to by several MindTree Minds. The Green Community actively participated in Osmosis'09, through a dedicated Knowledge Safari Stall and drew good reviews from visitors. Another important accomplishment of the Green Community last year was developing an in-house Car Pooling Portal, which has generated quite a lot of interest and is currently under pilot run.

**Future Forward**

Towards our vision of being a carbon neutral company, we have some ambitious plans for the year 2010-2011. Key initiatives for the next year include the following:

- 1) ISO -14064 Certification for organizational footprint.
- 2) Voluntary disclosure of our Carbon footprint through the Carbon Disclosure Project (CDP) program.
- 3) Development and deployment of eLearning programs for enhancing awareness and education.
- 4) Reduce our per capita carbon foot print by 2% during Financial Year 2010-11.

